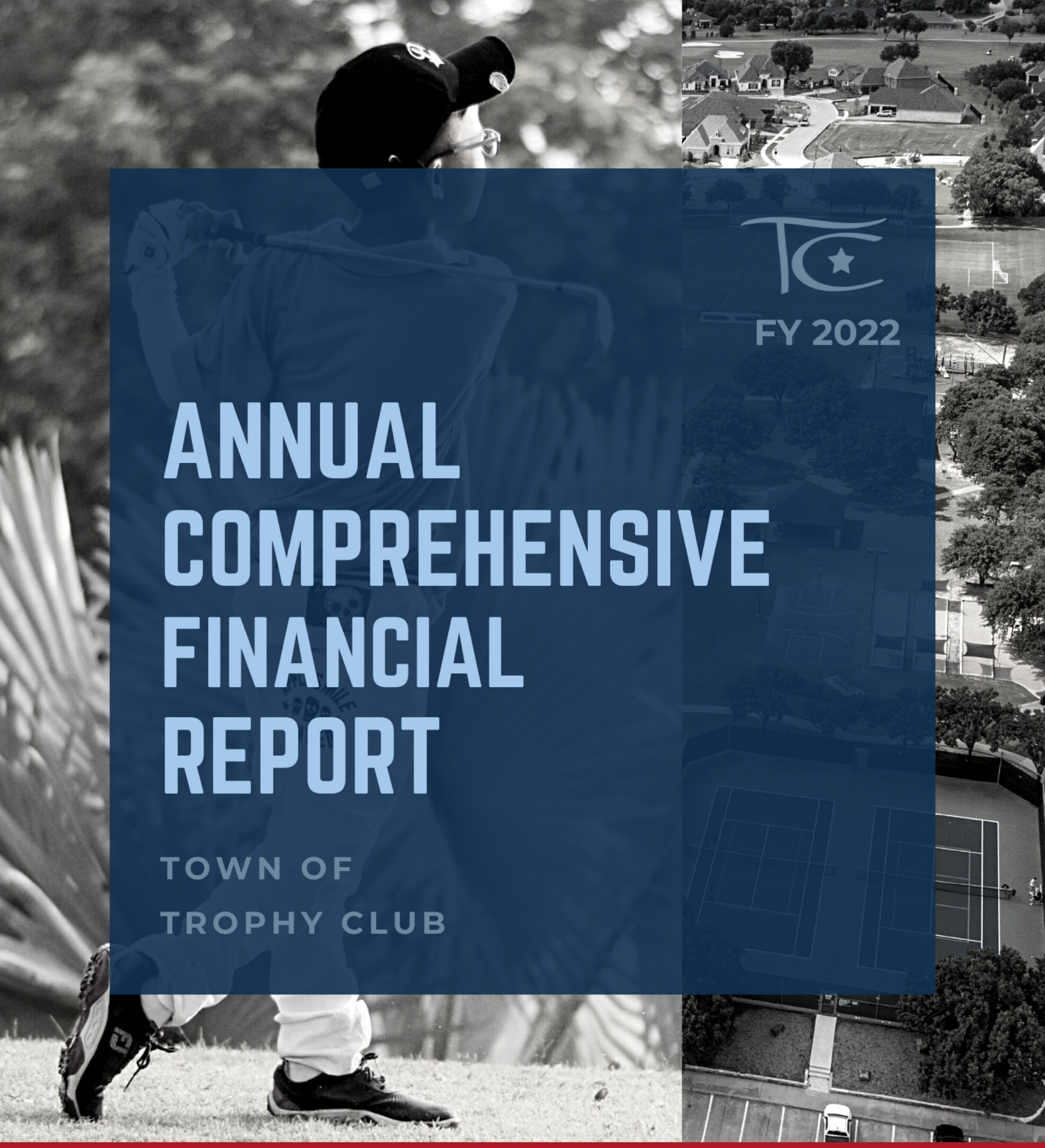


FY 2022

ANNUAL COMPREHENSIVE FINANCIAL REPORT

TOWN OF
TROPHY CLUB

FISCAL YEAR

TWENTY TWENTY TWO

PREPARED BY

FINANCE DEPARTMENT

October 01, 2021 - September 30, 2022

TOWN OF
TROPHY CLUB

Town of Trophy Club, Texas

Annual Comprehensive Financial Report

For the Fiscal Year Ended
September 30, 2022

Prepared by Town of Trophy Club
Wade Carroll, Town Manager
April Duvall, Finance Director

TOWN OF
TROPHY CLUB

Town of Trophy Club, Texas
September 30, 2022

Contents

Introductory Section (Unaudited)

Letter of Transmittal ..... i-v
Organizational Chart vi
Elected Officials and Administrative Officers vii
GFOA Certificate of Achievement viii

Financial Section

Independent Auditor's Report 1

Management's Discussion and Analysis 4

Basic Financial Statements

Government-Wide Financial Statements

Statement of Net Position 15
Statement of Activities 16

Fund Financial Statements

Balance Sheet – Governmental Funds 18
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position 19
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds 20
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of the Governmental Funds to the Statement of Activities 21
Statement of Net Position – Proprietary Funds 22
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds 23
Statement of Cash Flows – Proprietary Funds 24
Notes to Financial Statements 25

Town of Trophy Club, Texas
September 30, 2022

Required Supplementary Information (Unaudited)

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund 65

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – PID No. 1 Fund 66

Schedule of Changes in the Town's Net Pension Liability/(Asset) and Related Ratios - Texas Municipal Retirement System 67

Schedule of Employer Contributions – Texas Municipal Retirement System 68

Schedule of Changes in the Town's Total OPEB Liability and Related Ratios – Texas Municipal Retirement System – Supplemental Death Benefits Fund 69

Schedule of Changes in the Town's Total OPEB Liability and Related Ratios – Retiree Health Care Plan 70

Combining and Individual Fund Financial Statements and Schedules (Unaudited)

Nonmajor Governmental Funds

Combining Balance Sheet – Nonmajor Governmental Funds 71

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds 72

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual

Hotel Occupancy Tax 73

Street Maintenance Sales Tax 74

Court Technology 75

Court Security 76

Recreation Programs 77

Park Land Dedication 78

Tax Increment Reinvestment Zone No. 1 79

Crime Control and Prevention District 80

Town of Trophy Club, Texas
September 30, 2022

Discretely Presented Component Unit

Balance Sheet – Trophy Club 4B Economic Development Corporation 81

Reconciliation of the Balance Sheet Fund to the Statement of Net Position – Trophy Club 4B Economic Development Corporation 82

Statement of Revenues, Expenditures, and Changes in Fund Balance – Trophy Club 4B Economic Development Corporation 83

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of the Governmental Fund to the Statement of Activities – Trophy Club 4B Economic Development Corporation 84

Statistical Section (Unaudited)

Financial Trends

Net Position by Component 85

Changes in Net Position 86

Fund Balances of Governmental Funds 88

Changes in Fund Balances of Governmental Funds 89

Revenue Capacity

Assessed Value and Estimated Actual Value of Taxable Property 90

Direct and Overlapping Property Tax Rates 91

Principal Property Taxpayers 92

Property Tax Levies and Collections 93

Debt Capacity

Ratios of Outstanding Debt by Type 94

Ratios of Net General Bonded Debt Outstanding 95

Direct and Overlapping Governmental Activities Debt 96

Pledged-Revenue Coverage 97

Demographic and Economic Information

Demographic and Economic Statistics 98

Principal Employers 990

Operating Information

Full-Time Equivalent Town Government Employees by Function/Program 100

Operating Indicators by Function/Program 101

TOWN OF
TROPHY CLUB

Introductory Section (Unaudited)

TOWN OF
TROPHY CLUB

TOWN OF
TROPHY CLUB

Town of Trophy Club
1 Trophy Wood Drive
Trophy Club, TX 76262
Phone (682) 237-2900
Fax (682) 237-2996

March 28, 2023

To the Honorable Mayor,
Members of the Town Council, and
Citizens of the Town of Trophy Club, Texas

The Town's Finance Department has a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) which were audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. The Annual Comprehensive Financial Report (ACFR) for the Town of Trophy Club, Texas for the fiscal year ended September 30, 2022 is hereby issued.

This report consists of management's representations concerning the finances of the Town. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making the representations, management of the Town has established a comprehensive internal control framework that is designed both to protect the Town's assets from loss, theft, or misuse and to compile sufficient and reliable information for the preparation of the Town's financial statements in conformity with GAAP. Internal controls should not outweigh their benefits; therefore, the Town's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute assurance, that the financial statements are free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The Town's financial records have been prepared and audited by FORVIS, LLP, Certified Public Accountants, as required by the Town Charter. This ACFR has been prepared based upon those audited records. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town are presented fairly, in all material respects, for the fiscal year ended September 30, 2022. This independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the Town's financial statements for the fiscal year ended September 30, 2022, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Town's MD&A can be found immediately following the report of the independent auditor.

Profile of the Town

The Town of Trophy Club, Texas incorporated in 1985 as Texas' first premier master planned community, is located in the North Central portion of Texas. This area of the State has proven to be one of the top growth areas in Texas and the United States. The Town currently occupies a land area of just over 4 square miles and serves a growing population of approximately 13,745 The Town is empowered to levy a property tax on real property located within its boundaries. The Town has a median household income of $170,679 and a median housing value of $616,470.

Trophy Club has operated as a Home Rule municipality utilizing the Council-Manager form of government since 2004. With the Charter Amendments passed at the May 11, 2013 election policy-making and legislative authority are vested in the Town Council consisting of the Mayor and six other council members. The Town Council is responsible for, among other things, passing ordinances, adopting the budget, appointing boards and committees, and hiring the Town Manager, Town Secretary, Municipal Judge, and Town Attorney. The Town Council is elected on a non-partisan basis. With the Charter Amendments passed at the May 9, 2009 election, Council members are elected from the Town at-large-by-place in the manner, for a term of three (3) years or until their successors have been elected and take office. Each Council member shall be elected to and occupy a place on the Council, such Places being numbered (e.g., Place 1, Place 2, Place 3, etc.). No person shall serve as Mayor or Council member for successive elected full terms totaling more than six years. The Town Manager is responsible for carrying out the policies and ordinances of the Town Council, overseeing the day-to-day operations of the government and for appointing the heads of the various Town departments.

The Town of Trophy Club provides a full range of municipal services including general government, public safety, streets, parks and recreation, planning and zoning, code enforcement, and drainage utilities. Water/wastewater is provided through the Municipal Utility District.

Local Economy

Fast-paced growth is one of the Town's identifying characteristics, identified by both the Dallas Business Journal and Fort Worth Builders Association. Trophy Club's location between DFW and Alliance Airports is ideal for businesses and residents, as well as those who commute to Dallas, Denton, Las Colinas, and Fort Worth. Trophy Club maintains a small-town, picturesque feel while taking advantage of nearby metro areas. The Town offers an outstanding quality of life, with great educational and recreational amenities as well as two 18-hole premier golf courses including the only course designed by Ben Hogan.

The North Texas region possesses diverse research and education institutions, logistics, oil and gas, manufacturing and industrial, and a professional services base that has contributed to the relative stability of the unemployment rate with approximately half of the local workforce employed in management, professional, and related occupations. Figures from the Bureau of Labor Statistics indicate a Dallas/Fort Worth unemployment rate of 3.8% while the national unemployment rate is 3.5% as of September 2022.

Trophy Club has worked diligently to position itself for a significant future within DFW and the Alliance corridor. The Town has issued over 520 building permits for high end homes over the past 9 years. There were 5 new residential building permits for a total of $3,731,829 and 1 commercial building permit for Fiscal Year 2022 totaling $1,850,000. Nine commercial projects with a value of $3,743,635 and over 80 remodel/update residential projects with a value of $2,953,417 occurred in FY22. Additionally, the Town's tax base exceeded $2 billion net taxable value in 2019. Business growth continues to be strong in Trophy Club and the Highway 114 region. The Town directly benefits from those businesses locating within the Town or professionals moving to our neighborhoods who work at nearby corporations.

Long-Term Financial Planning

In December of 2015, the Town refunded the Trophy Club Public Improvement District #1 (PID) bonds which will help residents of the PID realize over $16.4M in savings over the life of the debt. In August of 2020 the Town refunded $3,550,000 in Certificates of Obligation Bonds for a savings of $500,000 over the remaining 10 years. In FY21 the Town issued $4.305 million in debt for long term needs of Streets, Parks and Drainage. Due to premiums, the Town received $4.5 million in proceeds.

Budgeting Process

The Town of Trophy Club uses a program-based budgeting process. Each budgeting unit provides for the expenditures associated with services and supplies appropriated for in the prior year budget. Personnel expenditures are compiled by the Finance department. Any funding request that represents new expenditures and programs must be submitted as a separate supplemental request. Capital items are funded based on a replacement schedule, need, and available resources.

Revenue Projection

The budget revenue projections for the next fiscal year begin early in the current fiscal year. The projections are made by the departments responsible for the revenues with help from the Finance staff. Projections are based upon consultations with state and local agencies, trend analysis, anticipated changes in the local and regional economy, and discussions with directly associated staff members. Although revenue projections are prepared early in the budget process, the budget revenue analysis continues with departmental budget development and extends until the budget is adopted based upon any new information.

Proposed Budget Analysis/Compilation

The Finance Department reviews and compiles a preliminary departmental budget to present to the Budget Team, which is comprised of the Town Manager and Director of Finance. During Budget Team discussions, each department director answers questions from the entire group concerning their budget.

Given revenue projections and baseline funding requirements, budget funding changes are made according to necessity and priority. A total recommended funding level is determined and is weighed against available resources.

Proposed Budget Development

The Town Manager shall prepare and submit to the Town Secretary, the annual budget covering the next fiscal year. The Town Manager's proposed budget should assume, for each fund, operating revenues and resources that are equal to, or exceed operating expenditures. The Town Manager's budget message summarizes funding requirements, major changes in programs, and alternatives for funding.

Town Council Budget Study

Each fund's information, supplemental items, capital replacement data, and the five year capital improvement program are presented to the Council from May until the budget is adopted. This approach allows the Council to discuss items and give direction prior to the proposed budget being submitted.

Capital Program

The Town Manager shall prepare and submit to the Council a five (5) year capital program no later than three months before the final date for submission of the budget. The capital program shall be revised and extended each year with regard to capital improvements still pending or in process of construction or acquisition (Charter Section 9.08).

Public Hearing/Budget Adoption

A public hearing on the proposed budget and the tax rate (if applicable) are held in August and September prior to final budget consideration. At the public hearings, citizens may make formal comments concerning the proposed budget. The public also has the opportunity to attend Town Council budget work sessions from May through budget adoption.

Budget adoption occurs in September after Town Council deliberations and the public hearing(s). The Town Council adopts a tax rate to support adopted funding levels. Pursuant to Town Charter, the budget in place for the preceding year shall remain in place on a month-to-month basis until such time as a new budget has been adopted if no Town Council action is taken before the end of the fiscal year, September 30.

Compilation of Adopted Budget/Budget Maintenance

The adopted budget is compiled and published during the first months of the new fiscal year. The adopted budget in the form of an amended proposed budget is available for public inspection in October. Ledger accounts are prepared for the new fiscal year prior to October 1.

Budget maintenance is a year-round activity of divisions/departments and Finance Department staff. Other spending control mechanisms include monthly review of expenditures by Finance Department staff. During the budget process, departments make revenue and expenditure estimates for the current year.

Finally, program goals, objectives, and measures are evaluated during budget implementation to determine the effectiveness of program activities and levels of appropriate funding for subsequent years.

Relevant Financial Policies

Staff created the Town's Investment Policy. The purpose of the investment policy was to comply with Chapter 2256 of the Government Code ("Public Funds Investment Act"), which requires the Town of Trophy Club to adopt a written investment policy regarding the investment of its funds and funds under its control. The Investment Policy addresses the methods, procedures, and practices that must be exercised to ensure effective and judicious fiscal management of Trophy Club's funds. The investment policy received the Government Treasurers of Texas Certificate of Distinction for Investment Policy in June 2011.

The Town Council adopted a fund balance policy in September 2011 which established new fund balance categories (as recommended by Statement No. 54 by the Governmental Accounting Standards Board) and established a minimum unassigned fund balance goal (30% of annual operating expenditures).

In September 2016 the Town implemented revised purchasing and travel and training policies.

Major Initiatives

The Town Council has continued its strategic planning process to identify goals and objectives for long range planning. Each year, the Council meets in strategic planning retreats to review and refine those goals. Management Team members utilize the strategic planning documents to help guide their budget planning and service/program implementation.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Trophy Club for its ACFR for the fiscal year ended September 30, 2021. This was the eleventh consecutive year that the Town has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized ACFR. This report must satisfy both Generally Accepted Accounting Principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current ACFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report could not be accomplished without the dedicated services of the entire staff of the Finance Department. We would also like to express our appreciation to all staff members who assisted and contributed to the preparation of this report. Acknowledgment is also given to representatives of FORVIS, LLP, Certified Public Accountants.

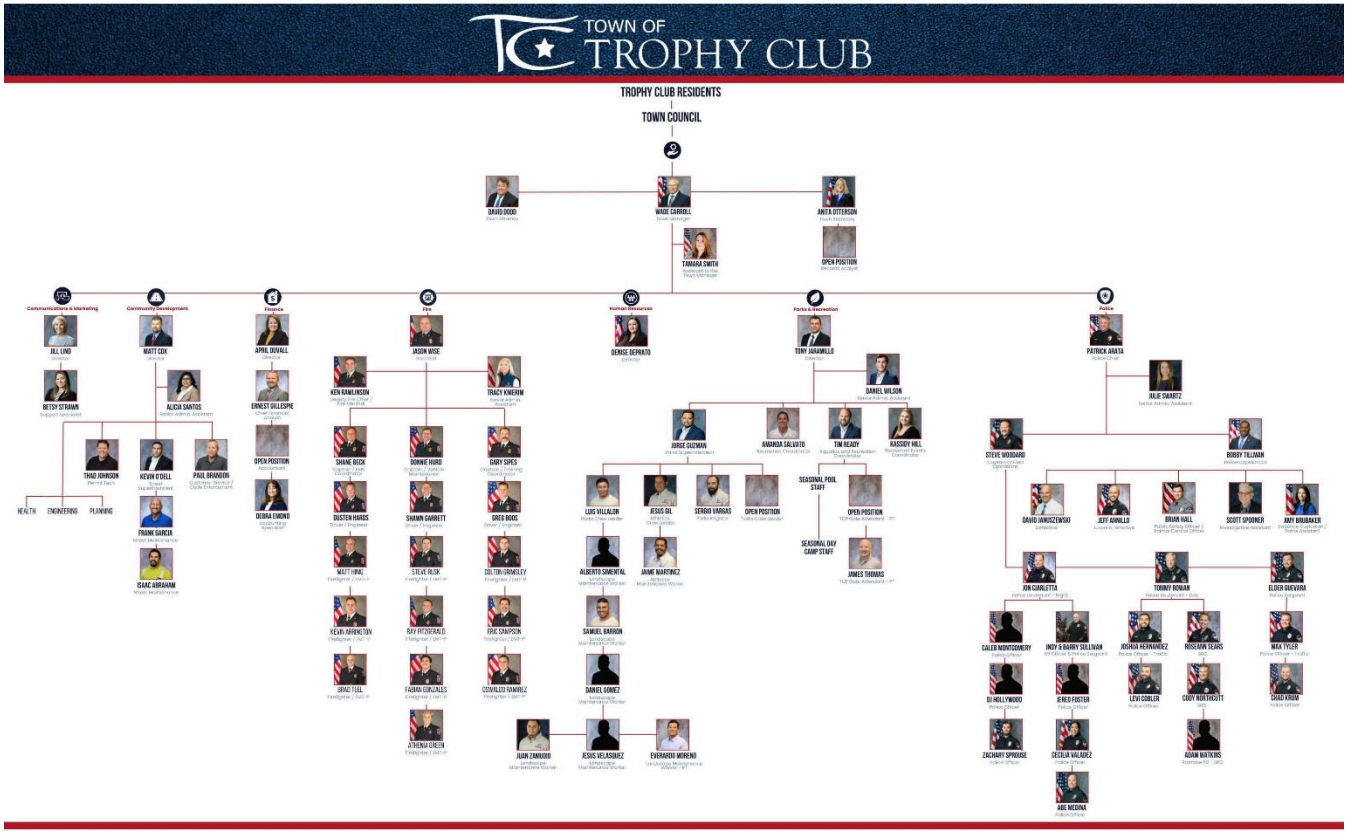
Special acknowledgement is given to the Mayor and the members of the Town Council for their support for maintaining the highest standards of professionalism in the management of the Town of Trophy Club finances.

Respectively submitted,

Wade Carroll
Town Manager

April Duvall
Director of Finance

TOWN OF
TROPHY CLUB


TOWN OF
TROPHY CLUB
TROPHY CLUB RESIDENTS
TOWN COUNCIL
DAVID DODD
WADE CARROLL
ANITA DITTERSON
TAMARA SMITH
OPEN POSITION
Communications & Marketing
Community Development
Finance
Fire
Human Resources
Parks & Recreation
Police
JILL LIND
MATT COX
APRIL DUVALL
JASON WISE
DENISE DEPRATO
TONY JARAMILLO
PATRICK ANATA
BETSY STRAMM
ALICIA SANTOS
ERNEST GILLESPIE
KEN KAMLIKSON
TRACY KNIEPM
JORGE GUZMAN
DANIEL WILSON
AMANDA SALVATO
TIM READY
KASSIDY HILL
JULIE SWARTZ
STEVE WOODARD
BOBBY TILLMAN
THAD JOHNSON
KEVIN O'DELL
PAUL BRANDON
OPEN POSITION
SHANE BECK
BONNIE HURD
GARY SIPES
LUIS VILLALON
JESUS GIL
SERGIO VARGAS
OPEN POSITION
SEASONAL POOL STAFF
OPEN POSITION
DAVID JANISZEWSKI
JEFF ARNOLD
BRIAN HALL
SCOTT SPOONER
AMY BRUBAKER
HEALTH
ENGINEERING
PLANNING
FRANK GARCIA
DEBRA EMOND
DUSTEN HAAGS
SHAWN GARRETT
GREG BIGGS
ALBERTO SIMENTAL
JAIME MARTINEZ
SEASONAL DAY CAMP STAFF
JAMES THOMAS
JON CIARLETTA
TOMMY RONAN
ELDER GUEVARA
ISAAC ABRAHAM
MATT HUNG
STEVE RUSK
DELTON ORMSLEY
SAMUEL BARRON
CALEB MONTGOMERY
INDY & BARRY SULLIVAN
JOSHUA HERNANDEZ
NISSAWN SEARS
MAX TYLER
KEVIN ARRINGTON
RAY FITZGERALD
ERIC SIMPSON
DANIEL GOMEZ
DJ HOLLYWOOD
JERED FOSTER
LEVI COBLER
CODY NORTHCUTT
CHAD KRUM
BRAD TELL
FABIAN GONZALES
COVALCO RAMIREZ
ZACHARY SPROUSE
CECILIA VALADEZ
ADAM WATKINS
ATHENA ORESN
JUAN ZAMUDIO
JESUS VELASQUEZ
EVERARDO MORENO
ABE MEDINA

TOWN OF
TROPHY CLUB

TOWN COUNCIL

ALICIA FLEURY
Mayor

OPEN POSITION
Place 1

JEFF BEACH
Place 2

DENNIS SHERIDAN
Mayor Pro Tem and Place 3

KARL MONGER
Place 4

LUANNE OLDHAM
Place 5

STEVE FLYNN
Place 6

TOWN MANAGER'S OFFICE

WADE CARROLL
Town Manager

DAVID DODD
Town Attorney

ANITA OTTERSON
Town Secretary

TAMARA SMITH
Assistant to the Town Manager

OPEN POSITION
Records Analyst

WWW.TROPHYCLUB.ORG 3

TOWN OF
TROPHY CLUB

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Town of Trophy Club
Texas

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2021

Christopher P. Morrill

Executive Director/CEO

TOWN OF
TROPHY CLUB

TOWN OF
TROPHY CLUB

Financial Section

TOWN OF
TROPHY CLUB

FORVIS

14241 Dallas Parkway, Suite 1100 / Dallas, TX 75254
P 972.702.8262 / **F** 972.702.0673
forvis.com

Independent Auditor's Report

The Honorable Mayor and Members of the Town Council
Town of Trophy Club, Texas
Trophy Club, Texas

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Trophy Club, Texas (Town), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town as of September 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the Town adopted Governmental Accounting Standards Board Statement No. 87, *Leases* in fiscal year 2022. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

FORVIS is a trademark of FORVIS, LLP, registration of which is pending with the U.S. Patent and Trademark Office

PRAXITY™ Empowering Business Globally

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparisons, pension and other postemployment benefit information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements and budgetary schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and budgetary schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

FORVIS, LLP

Dallas, Texas
March 28, 2023

TOWN OF
TROPHY CLUB

Town of Trophy Club, Texas
Management's Discussion and Analysis (Unaudited)
For the Year Ended September 30, 2022

As management of the Town of Trophy Club, Texas (Town), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended September 30, 2022. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i-v of this report.

Financial Highlights

- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by $65,069,622 (net position). The unrestricted net position, which represents the amounts available to meet the Town's ongoing obligations to citizens and creditors, was a $7,902,259.

- The Town's total net position increased $1,425,217 primarily because of increases in property tax valuations, increase in operating grants and other revenues coming in higher than projected.

- At the close of the current fiscal year, the Town's governmental funds reported combined fund balances of $20,528,935, a decrease of $198,164 in comparison with the prior year. Of this amount, $7,688,731, or 37%, is available for spending at the government's discretion (unassigned fund balance). The decrease in combined fund balance is primarily due to higher capital outlay expenditures during the year.

- At the end of the current fiscal year, unrestricted fund balance for the general fund was $7,954,899, or approximately 58% of total general fund expenditures.

- At the close of the current fiscal year, the Town's enterprise funds reported combined net position balances of $3,005,591, an increase of $687,034 in comparison with the prior year. The increase is due primarily to operations and to transfers in from the governmental funds for debt service payments.

Overview of the Financial Statements

The discussion and analysis provided here are intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) the notes to financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

Government-Wide Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business. Two statements, the Statement of Net Position and the Statement of Activities, are utilized to provide this financial overview.

The statement of net position presents information on all of the Town's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. The difference between the four is reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating. Other non-financial factors, such as the Town's property tax base and the condition of the Town's infrastructure, need to be considered in order to assess the overall health of the Town.

The statement of activities presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Town include general government, police, emergency medical services, community development, parks and recreation, streets, court, council, and administration. Normally, these operations are financed by property taxes, sales taxes, and franchise fees. The business-type activities of the Town include Trophy Club Park and Storm Drainage Utility operations.

The government-wide financial statements include not only the Town itself (known as the primary government), but also the legally separate component unit, 4B Economic Development Corporation, which the Town is financially accountable. Financial information for the component unit is reported separately from the financial information presented for the primary government itself.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in assessing a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town maintains thirteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the debt service fund, the capital projects fund, and the PID No. 1, which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in a separate section of the report.

The Town adopts an annual appropriated budget for its general fund. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with this budget.

Proprietary Funds

The Town's proprietary funds are all enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses an enterprise fund to account for its Trophy Club Park and Storm Drainage operations. All activities associated with providing such services are accounted for in these funds, including salaries and benefits, supplies and materials, repairs and maintenance, utilities, and other operating expenses. The Town's intent is that costs of providing the services to the general public on a continuing basis is financed through user charges in a manner similar to a private enterprise.

Proprietary financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for Trophy Club Park, and Storm Drainage Utility. The Storm Drainage Utility is considered to be a major fund of the Town.

Component Unit

The Town maintains the accounting and financial statements for one discretely presented component unit, the 4B Economic Development Corporation, which is displayed separately on the government-wide financial statements.

Notes to Financial Statements

The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

In addition to the basic financial statements, MD&A, and accompanying notes, this report also presents certain Required Supplementary Information (RSI). The required RSI includes a budgetary comparison schedule for the general fund and Public Improvement District No. 1 fund. In addition, it includes information concerning the Town's progress in funding its obligations to provide pension and OPEB benefits to its employees. Required supplementary information can be found immediately after the notes to the financial statements.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information on pensions and OPEB.

Government-wide Overall Financial Analysis

As noted earlier, net position over time may serve as a useful indicator of a government's financial position. In the case of the Town, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $65,069,622, at the close of the most recent fiscal year.

Statement of Net Position:

The following table reflects the condensed Statement of Net Position. Prior year comparative information has not been restated for the error corrections recorded at the beginning of fiscal year 2022.

	Governmental Activities		Business-type Activities		Totals	
	FY2022	FY2021	FY2022	FY2021	FY2022	FY2021
Current and other assets	$ 44,998,729	$ 45,409,644	$ 1,538,311	$ 1,090,287	$ 46,537,040	$ 46,499,931
Capital and lease assets, net	65,095,038	66,002,719	1,847,243	1,759,272	66,942,281	67,761,991
Total assets	110,093,767	111,412,363	3,385,554	2,849,559	113,479,321	114,261,922
Deferred outflows of resources	2,831,600	2,944,702	-	-	2,831,600	2,944,702
Other liabilities	4,528,487	3,000,045	30,477	12,498	4,558,964	3,012,543
Long-term liabilities	44,398,609	49,308,907	349,486	518,504	44,748,095	49,827,411
Total liabilities	48,927,096	52,308,952	379,963	531,002	49,307,059	52,839,954
Deferred inflows of resources	1,934,240	722,265	-	-	1,934,240	722,265
Net investment in capital assets	28,391,158	27,008,067	1,497,757	1,240,768	29,888,915	28,248,835
Restricted	27,278,448	29,052,071	-	-	27,278,448	29,052,071
Unrestricted	6,394,425	5,265,710	1,507,834	1,077,789	7,902,259	6,343,499
Total net position	$ 62,064,031	$ 61,325,848	$ 3,005,591	$ 2,318,557	$ 65,069,622	$ 63,644,405

Current and other assets increased by $37 thousand from the prior year due primarily to a decrease in governmental activities of $411 thousand due to a decrease in special assessments receivable which was offset by an increase of $448 thousand due to an increase in cash and cash equivalents and recognition of a net pension asset. Other liabilities in governmental activities increased $1.5 million from the previous year due to receiving of the second tranche of the *American Rescue Plan* Act (ARPA) funding but not expending it before year end.

Long-term liabilities, which consist of bonds, compensated absences, pension liability, and other postemployment benefit obligations, decreased by $5.1 million from the previous year for governmental and business-type activities combined. The Town issued $4.3 million in general obligation bonds to finance various capital projects throughout the Town in the prior year, no debt was issued during the current year. The decrease is primarily due to principal payments made on existing debt and the improvement in the net pension liability/(asset).

A portion of the Town's net position, $29,888,915, reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, vehicles, and infrastructure), net of accumulated depreciation and less any related outstanding debt that was used to acquire those assets. The Town uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although the Town's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Town's net position, $27,278,448 represents resources that are subject to external restrictions on how they may be used. As of the end of the current year, the Town's unrestricted net position was a balance of $7,902,259. The Town's overall net position increased $1,425,217, from the prior fiscal year. The reasons for this overall increase are discussed in the following sections for governmental activities and business-type activities.

Statement of Activities:

The following table provides a summary of the Town's changes in net position. Prior year comparative information has not been restated for the error corrections recorded at the beginning of fiscal year 2022.

	Governmental Activities		Business-type Activities		Totals	
	FY2022	FY2021	FY2022	FY2021	FY2022	FY2021
Revenues:						
Program revenues:						
Charges for services	$ 3,795,652	$ 3,332,833	$ 724,895	$ 621,779	$ 4,520,547	$ 3,954,612
Operating grants and contributions	173,599	37,851	125,268	4,170	298,867	42,021
Capital grants and contributions	-	150,000	-	-	-	150,000
Total program revenues	3,969,251	3,520,684	850,163	625,949	4,819,414	4,146,633
General revenues:						
Property taxes	10,255,223	9,940,633	-	-	10,255,223	9,940,633
Sales and mixed beverage taxes	2,290,748	2,035,404	-	-	2,290,748	2,035,404
Franchise and local taxes	908,033	869,212	-	-	908,033	869,212
Occupancy tax	781,831	392,660	-	-	781,831	392,660
Other revenues	197,903	62,904	-	-	197,903	62,904
Investment Income	244,451	72,940	8,264	325	252,715	73,265
Total general revenues	14,678,189	13,373,753	8,264	325	14,686,453	13,374,078
Total revenues	18,647,440	16,894,437	858,427	626,274	19,505,867	17,520,711
Expenses:						
General government	663,394	1,381,483	-	-	663,394	1,381,483
Manager's office	567,704	936,032	-	-	567,704	936,032
Human resources	205,246	280,147	-	-	205,246	280,147
Finance	549,792	512,144	-	-	549,792	512,144
Information services	543,189	647,888	-	-	543,189	647,888
Legal	189,141	118,756	-	-	189,141	118,756
Municipal court	258,489	49,837	-	-	258,489	49,837
Police	3,128,814	2,987,967	-	-	3,128,814	2,987,967
Fire	1,389,959	1,336,171	-	-	1,389,959	1,336,171
Emergency medical services	1,489,248	1,292,783	-	-	1,489,248	1,292,783
Facilities management	1,455,292	448,538	-	-	1,455,292	448,538
Parks and recreation	2,864,327	2,674,646	-	-	2,864,327	2,674,646
Community development	471,539	639,321	-	-	471,539	639,321
Tourism	396,974	317,005	-	-	396,974	317,005
Sanitation	-	1,057,653	-	-	-	1,057,653
Public works	2,315,082	2,308,861	-	-	2,315,082	2,308,861
Interest and fiscal charges on long-term debt	1,278,873	1,535,312	-	-	1,278,873	1,535,312
Storm Drainage Utility	-	-	144,131	126,163	144,131	126,163
Trophy Club Park	-	-	169,456	125,692	169,456	125,692
Total expenses	17,767,063	18,524,544	313,587	251,855	18,080,650	18,776,399
Increase in net position before transfers	880,377	(1,630,107)	544,840	374,419	1,425,217	(1,255,688)
Transfers	(142,194)	(116,463)	142,194	116,463	-	-
Special item	-	-	-	-	-	-
Change in net position	738,183	(1,746,570)	687,034	490,882	1,425,217	(1,255,688)
Net Position, Beginning	61,325,848	63,072,418	2,318,557	1,827,675	63,644,405	64,900,093
Net Position, Ending	$ 62,064,031	$ 61,325,848	$ 3,005,591	$ 2,318,557	$ 65,069,622	$ 63,644,405

Governmental Activities

For the year ended September 30, 2022, revenues from governmental activities totaled $18,647,440. Property tax, grants and contributions, special assessments and sales tax are the Town's largest general revenue sources. Overall revenue increased $1,753,003 or 10% from the prior year. Charges for services increased by $462,819 or 14% due primarily to the engagement of a new EMS collections provider, resulting in additional collections. Operating grants and contributions increased by $135,748 or 359% due to receiving funds from the TDEM COVID-19 Public Assistance Grant. Capital grants and contributions decreased by $150,000 or 100% primarily due to the receipt of funds related to issuance of the final certificate of occupancy related to multi-family units in a residential property agreement in 2021. Property taxes remain the largest source of revenue at $10,255,223 in the current fiscal year. The rate charged to property tax owners has remained consistent, however, the assessed valuation has risen from approximately $2.4 billion in 2021 to $2.7 billion in the current year. Sales and mixed beverage tax increased by $255,344 or 13% primarily due to the additional commercial business in Town. Occupancy taxes increased $389,171 or 99% due to added hotels and increased travel during the current fiscal year. Investment income increased by $171,511 or 235% due to the impact of the market and realization of higher interest rates. Other revenues increased by $134,999 or 215%, primarily as a result of the gain on sale of governmental fixed assets. All other revenues remained relatively stable when compared to the previous year.

For the year ended September 30, 2022, expenses for governmental activities totaled $17,767,063. This represents a decrease of $757,481 or 4% from the prior year. The Town's largest expense category is public safety (police, fire and emergency medical services), which totaled $6,008,021 at year-end and increased $391,100 from prior year due primarily to overtime pay. General Government decreased by $718,089 primarily due to decreases related to repairs and maintenance expenses. Current year did not report significant repairs as there were several construction in progress projects. Manager's Office decreased by $368,328 primarily due to a decrease in salary expenditures. Municipal Court increased $208,652 primarily due to expenditures related to the administrative agreement to outsource court collections during 2022. Interest and fiscal charges on long-term debt decreased by $256,439 primarily due to a decrease in outstanding debt and due to fiscal charges recorded in the prior year related to issuance of debt in 2021. The Town did not issue new debt during 2022. Sanitation expense is recorded in facilities management expenses in 2022, previously recorded as its own expense line item. All other expenses remained relatively consistent when compared to the previous year.

Business-type Activities

Business-type activities are shown comparing operating costs to revenues generated by related services. For the year ended September 30, 2022, charges for services by business-type activities totaled $850,163 and increased by $103,116 or 12% primarily due to an increase in park revenues related to increased special events during 2022. Intergovernmental revenues increased by $125,268 or 100% due to funds received from the Texas Department of Parks and Wildlife for various parks improvement projects in 2022. Total business-type activity expenses increased by $61,732. The Storm Drainage Utility increased expenses by $17,968 for creek maintenance and the Trophy Club Park increased their expenses by $43,764 primarily due to road repairs.

Financial Analysis of the Town's Funds

As noted earlier, fund accounting is used to demonstrate and ensure compliance with finance-related legal requirements.

Governmental Funds – The focus of the Town's governmental funds is to provide information of near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the Town's net resources available for discretionary use as it represents the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the Town itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the Town's Council.

At September 30, 2022, the Town's governmental funds reported combined fund balances of $20,528,935, a decrease of $198,164, in comparison with the prior year. Approximately 37% of this amount, $7,650,457, constitutes unassigned fund balance, which is available for spending at the Town's discretion. The remainder of the fund balance is either nonspendable, restricted, or committed to indicate that it is: 1) not in spendable form $427,772; 2) restricted for particular purposes $12,429,156; or 3) committed for a particular purpose $21,550.

Analysis of Individual Funds

The general fund is the chief operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the general fund was $7,916,625, while total fund balance increased to $8,344,397. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures. Unassigned fund balance represents 58% of total general fund expenditures, while total fund balance represents 61% of that same amount.

The fund balance of the Town's general fund increased by $740,641 during the current fiscal year. This increase is due to salary savings due to vacancies, the impact of the market and realization of higher interest rates and sales tax revenue coming in higher than anticipated.

The debt service fund had an ending fund balance of $107,970 at September 30, 2022, a decrease of $315,456 when compared to the previous year. The decrease in the total fund balance was a result of State of Texas' change to the I&S calculation, which caused a decrease in the debt service portion of the total property tax rate. During the year, the fund recorded total principal and interest payments of $2,684,123 and property tax revenue of $2,536,879. The fund also recorded $177,194 in transfers to other funds related to debt service payments.

The capital projects fund had an ending fund balance of $4,952,458. The capital projects fund decreased by $1,247,188 when compared to the previous year. The decrease was due to a portion of the bond proceeds received in 2021 being expended on budgeted capital projects throughout the year.

The PID No. 1 fund reflected an ending fund balance of $3,970,915. The fund balance increased $37,121, which is a result of property assessments and other revenues exceeding debt service expenditures.

Proprietary Funds – The Town's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Net position in the Town's largest proprietary fund, the Storm Drainage Utility fund, totaled $2,635,284. Unrestricted net position at the close of the fiscal year for the Town's utility funds amounted to $1,325,815, an increase of $338,951 over the previous year. Total investment in capital assets, net of related debt was $1,309,469.

General Fund Budgetary Highlights

Total budgeted revenues of $12,491,057 were less than actual revenues of $14,350,061, resulting in a positive revenue variance of $1,859,004. The positive variance was primarily the result of greater than estimated revenues from sales tax, intergovernmental revenues, and charges for services. Sales tax was over budget as the economy continues to recover from the pandemic. Intergovernmental revenue increased $418,824, primarily due to a school resource officer grant from the Texas State Comptroller received during 2022 and increases in both the fire assessments related to the Public Improvement District and transfers from the Municipal Utility District. Charges for services were more than estimated due to the inclusion of sanitation charges received during the year, previously netted with expenses. Total budgeted expenditures of $12,263,958 were less than actual expenditures of $13,753,585, resulting in a negative expenditure variance of $1,489,627. The variance in total expenditures primarily related to sanitation, as discussed above, and capital outlay expenditures for unbudgeted construction projects.

Capital and Lease Assets

As of the end of the year, the Town's governmental activities funds had invested $65,095,038 in a variety of capital assets and infrastructure, net of accumulated depreciation. The Town's business-type activities funds had invested $1,847,243 in a variety of capital assets and infrastructure, net of accumulated depreciation. This investment in capital assets includes land, buildings, vehicles, machinery and equipment, storm drainage system, and infrastructure.

	Governmental Activities		Business-type Activities		Totals	
	FY2022	FY2021	FY2022	FY2021	FY2022	FY2021
Land	$ 10,487,119	$ 10,487,119	$ -	$ -	$ 10,487,119	$ 10,487,119
Construction in progress	999,245	-	-	-	999,245	-
Buildings	8,467,500	8,854,289	-	-	8,467,500	8,854,289
Improvements other than buildings	32,511,327	34,222,345	171,886	29,195	32,683,213	34,251,540
Machinery and equipment	794,501	676,101	16,402	20,039	810,903	696,140
Vehicles	1,039,778	538,703	-	-	1,039,778	538,703
Water system	3,337,572	3,513,447	-	-	3,337,572	3,513,447
Infrastructure	7,346,425	7,710,715	1,658,955	1,710,038	9,005,380	9,420,753
Lease Assets	111,571	-	-	-	111,571	-
Totals	$ 65,095,038	$ 66,002,719	$ 1,847,243	$ 1,759,272	$ 66,942,281	$ 67,761,991

Major capital asset events during the current year include the following:

- Purchase of new vehicles for fire and police.
- Purchase of new equipment for parks and recreation department.
- Construction related to Indian Creek and Junction Way projects

More detailed information about the Town's capital assets is presented in the Note 5 to the financial statements.

Long-Term Debt

The Town's outstanding general obligation bonds, certificate of obligation bonds, and special assessment bonds, net of all premiums and discounts decreased by $3,755,048 for governmental activities and decreased by $169,018 for business-type activities, from the prior year. The total bonds payable at the close of the fiscal year, was $43,620,143 for governmental-activities and $349,486 for business-type activities. Of this amount, $19,238,000 comprises of bonded debt backed by the full faith and credit of the Town, and the remaining represents bonds secured solely by self-supporting activities. The Town's lease liability increased by $99,617 for governmental activities from the prior year due to the implementation of Governmental Accounting Standards Board Statement No. 87, *Leases*, which is discussed more thoroughly in Note 1 to the financial statements.

	Governmental Activities		Business-type Activities		Totals	
	FY2022	FY2021	FY2022	FY2021	FY2022	FY2021
General obligation bonds	$ 6,595,000	$ 7,500,000	$ -	$ -	$ 6,595,000	$ 7,500,000
Certificates of obligation	12,298,000	13,531,000	345,000	510,000	12,643,000	14,041,000
Special assessment bonds	21,245,000	22,645,000	-	-	21,245,000	22,645,000
Premiums on bonds	3,482,143	3,798,808	4,486	8,504	3,486,629	3,807,312
Lease liability	99,617	-	-	-	99,617	-
Totals	$ 43,719,760	$ 47,474,808	$ 349,486	$ 518,504	$ 44,069,246	$ 47,993,312

More detailed information about the Town's long-term liabilities is presented in Note 6 to the financial statements.

Economic Factors and Next Year's Budget and Rates

The Town is approximately 90% residential and 10% commercial, with both residential and commercial development substantially built out. The Town issued 5 residential construction permits in fiscal year 2022 and 1 new commercial permit. The Town estimates only 50-60 additional residential permits will be pulled in the future and 3-5 large commercial permits. The Town's 2023 budget will raise more total property taxes than the 2022 budget by $572,554 or 6.5%, and of that amount $55,421 is the tax revenue raised from new property added to the roll.

Budgeted capital expenditures include funds for the replacement of three patrol vehicles, batting cage improvements at Indy East, and remodel of equipment at the splash Pad/Pool.

In fiscal year 2023, General Fund revenues are budgeted to increase 7.81% over fiscal year 2022 estimated revenues, while expenditures are budgeted to increase by 6.86% over fiscal year 2022 estimated expenditures.

The fiscal year 2023 budget decreased the ad valorem tax rate to $0.435 per hundred dollars of assessed value.

Contacting the Town's Financial Management

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Town of Trophy Club Director of Finance, 1 Trophy Wood Drive, Trophy Club, Texas, 76262. This information can also be accessed on the Town of Trophy Club's website at www.trophyclub.org.

TOWN OF
TROPHY CLUB

TOWN OF
TROPHY CLUB

Basic Financial Statements

TOWN OF
TROPHY CLUB

Town of Trophy Club, Texas
Statement of Net Position
September 30, 2022

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	4B Economic Development Corporation
Assets				
Cash and cash equivalents	$ 24,000,647	$ 1,500,845	$ 25,501,492	$ 914,836
Taxes receivable, net	622,175	-	622,175	128,134
Special assessments receivable	19,574,747	-	19,574,747	-
Receivables, net	203,600	36,164	239,764	-
Due from other governments	7,505	-	7,505	-
Due from primary government	-	-	-	10,981
Notes receivable	-	-	-	162,500
Prepaid and other assets	2,995	1,302	4,297	-
Lease receivable	376,705	-	376,705	-
Net pension asset	210,355	-	210,355	-
Capital assets not being depreciated	11,486,364	-	11,486,364	2,538,765
Capital and lease assets, net of accumulated depreciation/amortization	53,608,674	1,847,243	55,455,917	286,028
Total assets	110,093,767	3,385,554	113,479,321	4,041,244
Deferred Outflows of Resources				
Pension related	700,990	-	700,990	-
OPEB related	67,188	-	67,188	-
Deferred charge on refunding	2,063,422	-	2,063,422	-
Total deferred outflows of resources	2,831,600	-	2,831,600	-
Liabilities				
Accounts payable	875,549	29,650	905,199	3,200
Accrued liabilities	247,580	-	247,580	-
Unearned revenue	3,088,232	-	3,088,232	-
Due to component unit	10,981	-	10,981	-
Accrued interest payable - bonds	305,492	827	306,319	7,210
Accrued interest payable - leases	653	-	653	-
Noncurrent liabilities				
Due within one year:				
Bonds payable	3,357,000	170,000	3,527,000	115,000
Leases payable	38,356	-	38,356	-
Compensated absences	244,264	-	244,264	-
Due in more than one year:				
Bonds payable	40,263,143	179,486	40,442,629	1,822,790
Leases payable	61,261	-	61,261	-
Compensated absences	27,140	-	27,140	-
Total OPEB liability	407,445	-	407,445	-
Total liabilities	48,927,096	379,963	49,307,059	1,948,200
Deferred Inflows of Resources				
Pension related	1,524,931	-	1,524,931	-
OPEB related	45,163	-	45,163	-
Lease related	364,146	-	364,146	-
Total deferred inflows of resources	1,934,240	-	1,934,240	-
Net Position				
Net investment in capital assets	28,391,158	1,497,757	29,888,915	887,003
Restricted for:				
Pension	210,355		210,355	
Municipal court	44,638	-	44,638	-
Debt service	4,095,533	-	4,095,533	84,245
Economic development	-	-	-	1,121,796
Public safety	290,366	-	290,366	-
PID activities	19,574,747	-	19,574,747	-
Street maintenance	436,702	-	436,702	-
Tourism	2,275,553	-	2,275,553	-
Parks	350,554	-	350,554	-
Unrestricted	6,394,425	1,507,834	7,902,259	-
Total net position	$ 62,064,031	$ 3,005,591	$ 65,069,622	$ 2,093,044

Town of Trophy Club, Texas
Statement of Activities
For the Year Ended September 30, 2022

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary Government				
Governmental Activities				
General government	$ 663,394	$ 321,725	$ -	$ -
Manager's office	567,704	-	-	-
Human resources	205,246	-	-	-
Finance	549,792	-	-	-
Information services	543,189	-	-	-
Legal	189,141	-	-	-
Municipal court	258,489	380,427	-	-
Police	3,128,814	101,556	483	-
Fire	1,389,959	1,444,477	173,116	-
Emergency medical services	1,489,248	130,805	-	-
Facilities management	1,455,292	-	-	-
Parks and recreation	2,864,327	342,996	-	-
Community development	471,539	6,340	-	-
Tourism	396,974	-	-	-
Sanitation	-	1,059,841	-	-
Public works	2,315,082	7,485	-	-
Interest and fiscal charges on long-term debt	1,278,873	-	-	-
Total governmental activities	17,767,063	3,795,652	173,599	-
Business-type Activities				
Storm Drainage Utility	144,131	435,559	125,268	-
Trophy Club Park	169,456	289,336	-	-
Total business-type activities	313,587	724,895	125,268	-
Total primary government	$ 18,080,650	$ 4,520,547	$ 298,867	$ -
Component Unit				
4B Economic Development Corporation	$ 137,168	$ -	$ -	$ -
Total component unit	$ 137,168	$ -	$ -	$ -

General Revenues and Transfers

General revenues:

Taxes

Property taxes

Sales and mixed beverage taxes

Franchise and local taxes

Occupancy tax

Other revenues

Investment Income

Transfers

Total general revenues and transfers

Change in net position

Net Position, Beginning

Net Position, Ending

Town of Trophy Club, Texas
Statement of Activities (Continued)
For the Year Ended September 30, 2022

Net (Expenses) Revenues and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-Type Activities	Total	4B Economic Development Corporation
$ (341,669)	$ -	$ (341,669)	$ -
(567,704)	-	(567,704)	-
(205,246)	-	(205,246)	-
(549,792)	-	(549,792)	-
(543,189)	-	(543,189)	-
(189,141)	-	(189,141)	-
121,938	-	121,938	-
(3,026,775)	-	(3,026,775)	-
227,634	-	227,634	-
(1,358,443)	-	(1,358,443)	-
(1,455,292)	-	(1,455,292)	-
(2,521,331)	-	(2,521,331)	-
(465,199)	-	(465,199)	-
(396,974)	-	(396,974)	-
1,059,841	-	1,059,841	-
(2,307,597)	-	(2,307,597)	-
(1,278,873)	-	(1,278,873)	-
(13,797,812)	-	(13,797,812)	-
-	416,696	416,696	-
-	119,880	119,880	-
-	536,576	536,576	-
(13,797,812)	536,576	(13,261,236)	-
			(137,168)
			(137,168)
10,255,223	-	10,255,223	-
2,290,748	-	2,290,748	748,791
908,033	-	908,033	-
781,831	-	781,831	-
197,903	-	197,903	-
244,451	8,264	252,715	4,831
(142,194)	142,194	-	-
14,535,995	150,458	14,686,453	753,622
738,183	687,034	1,425,217	616,454
61,325,848	2,318,557	63,644,405	1,476,590
$ 62,064,031	$ 3,005,591	$ 65,069,622	$ 2,093,044

Town of Trophy Club, Texas
Balance Sheet – Governmental Funds
September 30, 2022

	General	Debt Service	Capital Projects	PID No. 1	Nonmajor Governmental Funds	Total Governmental Funds
Assets						
Cash and cash equivalents	$ 11,314,810	$ 107,384	$ 5,114,315	$ 4,009,189	$ 3,454,949	$ 24,000,647
Taxes receivable, net	349,702	17,234	-		255,239	622,175
Special assessment receivable	-	-	-	19,574,747	-	19,574,747
Accounts receivable, net	203,600	-	-	-	-	203,600
Leases receivable	376,705	-	-	-	-	376,705
Due from other governments	7,505	-	-	-	-	7,505
Prepaid and other assets	2,995	-	-	-	-	2,995
Advances from other funds	424,777	-	-	-	-	424,777
Total assets	$ 12,680,094	$ 124,618	$ 5,114,315	$ 23,583,936	$ 3,710,188	$ 45,213,151
Liabilities						
Accounts payable	$ 550,524	$ -	$ 161,857	$ -	$ 163,168	$ 875,549
Accrued liabilites	247,580	-	-	-	-	247,580
Unearned revenue	3,088,232	-	-	-	-	3,088,232
Due to component unit	3,659	-	-	-	7,322	10,981
Advances to other funds	-	-	-	38,274	386,503	424,777
Total liabilities	3,889,995	-	161,857	38,274	556,993	4,647,119
Deferred Inflows of Resources						
Unavailable revenue - property taxes	56,239	16,648	-	-	-	72,887
Unavailable revenue - special assessments	-	-	-	19,574,747	-	19,574,747
Unavailable revenue - property liens	25,317	-	-	-	-	25,317
Leases related	364,146	-	-	-	-	364,146
Total deferred inflows of resources	445,702	16,648	-	19,574,747	-	20,037,097
Fund Balances/(Deficits)						
Nonspendable:						
Prepaid items	2,995	-	-	-	-	2,995
Long-term interfund advances	424,777	-	-	-	-	424,777
Restricted						
Debt service	-	107,970	-	3,970,915	-	4,078,885
Capital projects	-	-	4,952,458	-	-	4,952,458
Municipal court	-	-	-	-	44,638	44,638
Public safety	-	-	-	-	290,366	290,366
Street maintenance	-	-	-	-	436,702	436,702
Tourism	-	-	-	-	2,275,553	2,275,553
Parks	-	-	-	-	350,554	350,554
Committed for:						
Recreation programs	-	-	-	-	21,550	21,550
Unassigned	7,916,625	-	-	-	(266,168)	7,650,457
Total fund balances/(deficits)	8,344,397	107,970	4,952,458	3,970,915	3,153,195	20,528,935
Total liabilities, deferred inflows of resources, and fund balances (deficits)	$ 12,680,094	$ 124,618	$ 5,114,315	$ 23,583,936	$ 3,710,188	$ 45,213,151

Town of Trophy Club, Texas

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position

September 30, 2022

Amounts reported for governmental activities in the statement of net position are different because:		
Total fund balance per balance sheet		$ 20,528,935
Net pension asset is not a current financial resource.		210,355
Capital and lease assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds.		65,095,038
Other long-term assets less related uncollectibles are not available to pay for current period expenditures and therefore are reported as unavailable revenues in the governmental funds.		19,672,951
Accrued interest payable on long-term debt and leases payable does not require current financial resources and therefore is not reported as a liability in the balance sheet of governmental funds.		(306,145)
Long-term liabilities, including bonds payable, lease liability, and total OPEB liability (and the related deferred inflows and deferred outflows) are not due and payable in the current period and therefore are not reported as liabilities, deferred outflows or deferred inflows in the governmental funds. Long-term liabilities consist of:		
General obligation bonds payable	$ (6,595,000)	
Certificate of obligation bonds payable	(12,298,000)	
Special Assessment Bonds	(21,245,000)	
Deferred amount on refunding	2,063,422	
Unamortized premiums on bonds	(3,482,143)	
Leases payable	(99,617)	
Total other postemployment benefit (OPEB) liability	(407,445)	
Deferred outflows of resources – pension	700,990	
Deferred outflows of resources – OPEB	67,188	
Deferred inflows of resources – pension	(1,524,931)	
Deferred inflows of resources – OPEB	(45,163)	
Accrued compensated absences	(271,404)	
		(43,137,103)
Net position of governmental activities		$ 62,064,031

Town of Trophy Club, Texas

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds

For the Year Ended September 30, 2022

	General	Debt Service	Capital Projects	PID No.1	Nonmajor Governmental Funds	Total Governmental Funds
Revenues						
Property tax	$ 7,726,035	$ 2,536,879	$ -	$ -	$ -	$ 10,262,914
Sales and mixed beverage taxes	1,563,799	-	-	-	726,949	2,290,748
Franchise and local taxes	908,033	-	-	-	-	908,033
Occupancy tax	-	-	-	-	781,831	781,831
Special assessments	-	-	-	2,263,090	-	2,263,090
License and permits	280,222	-	-	-	-	280,222
Intergovernmental	1,601,173	-	-	-	483	1,601,656
Charges for services	1,466,610	-	-	-	17,940	1,484,550
Fines and fees	604,702	-	-	-	14,254	618,956
Lease revenue	83,834	-	-	-	-	83,834
Interest revenue - leases	24,288	-	-	-	-	24,288
Investment income	86,193	8,756	62,538	71,934	15,030	244,451
Other revenue	5,172	226	-	-	61,042	66,440
Total revenues	14,350,061	2,545,861	62,538	2,335,024	1,617,529	20,911,013
Expenditures						
Current:						
General government	208,687	-	3,104	47,981	10,500	270,272
Manager's office	620,172	-	-	-	-	620,172
Human resources	216,058	-	-	-	-	216,058
Finance	583,304	-	-	-	-	583,304
Information services	492,761	-	-	-	-	492,761
Legal	189,141	-	-	-	-	189,141
Municipal court	253,549	-	-	-	4,940	258,489
Police	3,058,897	-	-	-	143,800	3,202,697
Fire	1,446,680	-	-	-	-	1,446,680
Emergency medical services	1,513,238	-	-	-	-	1,513,238
Facilities management	1,460,399	-	-	-	-	1,460,399
Parks and recreation	2,129,947	-	-	-	8,304	2,138,251
Community development	447,720	-	-	-	42,935	490,655
Tourism	241,108	-	-	-	161,104	402,212
Public works	-	-	-	-	207,684	207,684
Debt Service:						
Principal	10,926	2,138,000	-	1,400,000	33,273	3,582,199
Interest and fiscal charges	-	546,123	-	849,922	-	1,396,045
Capital outlay	880,998	-	1,282,806	-	483,641	2,647,445
Total expenditures	13,753,585	2,684,123	1,285,910	2,297,903	1,096,181	21,117,702
Excess (Deficiency) of Revenues Over (Under) Expenditures	596,476	(138,262)	(1,223,372)	37,121	521,348	(206,689)
Other Financing Sources (Uses)						
Transfers in	175,316	-	-	-	91,293	266,609
Transfers out	(91,293)	(177,194)	(23,816)	-	(116,500)	(408,803)
Sale of general capital assets	60,142	-	-	-	-	60,142
Lease financing	-	-	-	-	90,577	90,577
Total other financing sources (uses)	144,165	(177,194)	(23,816)	-	65,370	8,525
Net Change in Fund Balances	740,641	(315,456)	(1,247,188)	37,121	586,718	(198,164)
Fund Balances, Beginning	7,603,756	423,426	6,199,646	3,933,794	2,566,477	20,727,099
Fund Balances, Ending	$ 8,344,397	$ 107,970	$ 4,952,458	$ 3,970,915	$ 3,153,195	$ 20,528,935

Town of Trophy Club, Texas

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities

For the Year Ended September 30, 2022

Amounts reported for governmental activities in the statement of activities are different because:			
Net change in fund balance - total governmental funds			$ (198,164)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeds depreciation in the current period.			
Capital outlay expenditures	$ 2,647,445		
Depreciation and amortization expense	(3,608,365)		
			(960,920)
Certain revenues in the government-wide statement of activities that do/(do not) provide current financial resources and (are)/are not reported as revenues in the governmental funds. This amount is the net change in deferred inflows of resources.			(2,333,289)
The issuance of long-term debt (e.g. bond proceeds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.			
Amortization of bond premium	316,665		
Principal amount of debt paid to bondholders and lessors	3,582,199		
Lease financing for leases issued	(90,577)		
Net change in accrued interest payable	17,595		
Net deferred offering charges and related debt issuance items	(217,088)		
			3,608,794
Some expenditures reported in the statement of revenues, expenditures, and changes in fund balances do/(do not) require the use of current financial resources but (are)/are not reported as expenses in the statement of activities. This adjustment is to reflect the net change in accrued compensated absences.			115,289
Current year OPEB expenditures are reported on the fiscal year basis in the governmental statement of revenues, expenditures and changes in fund balance and as actuarially determined in the government-wide statement of activities. These differences are reflected in total OPEB liability and related deferred outflows and inflows of resources balances.			(51,848)
Current year pension expenditures are reported on the fiscal year basis in the governmental statement of revenues, expenditures and changes in fund balance and as actuarially determined in the government-wide statement of activities. These differences are reflected in net pension liability and related deferred outflows and inflows of resources balances.			558,321
Change in net position of governmental activities			$ 738,183

Town of Trophy Club, Texas
Statement of Net Position – Proprietary Funds
September 30, 2022

	Business-type Activities		
		Nonmajor Fund	
	Storm Drainage Utility	Trophy Club Park	Total
Assets			
Current assets			
Cash and cash equivalents	$ 1,313,484	$ 187,361	$ 1,500,845
Accounts receivable	36,164	-	36,164
Prepaid items	-	1,302	1,302
Total current assets	1,349,648	188,663	1,538,311
Noncurrent assets			
Capital assets:			
Net depreciable capital assets	1,658,955	188,288	1,847,243
Total noncurrent assets	1,658,955	188,288	1,847,243
Total assets	3,008,603	376,951	3,385,554
Liabilities			
Current liabilities			
Accounts payable	23,006	6,644	29,650
Accrued interest	827	-	827
Long-term debt due within one year	170,000	-	170,000
Total current liabilities	193,833	6,644	200,477
Noncurrent liabilities:			
Long-term debt due in more than one year	179,486	-	179,486
Total noncurrent liabilities	179,486	-	179,486
Total liabilities	373,319	6,644	379,963
Net Position			
Net investment in capital assets	1,309,469	188,288	1,497,757
Unrestricted	1,325,815	182,019	1,507,834
Total net position	$ 2,635,284	$ 370,307	$ 3,005,591

Town of Trophy Club, Texas

Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds

For the Year Ended September 30, 2022

	Business-type Activities		
		Nonmajor Fund	
	Storm Drainage Utility	Trophy Club Park	Total
Operating Revenues			
Charges for services	$ 435,559	$ 289,336	$ 724,895
Total operating revenues	435,559	289,336	724,895
Operating Expenses			
Salaries and benefits	-	59,641	59,641
Supplies and materials	-	4,932	4,932
Repairs and maintenance	7,100	43,406	50,506
Utilities	2,951	11,421	14,372
Contractual services	75,198	41,189	116,387
Depreciation	51,083	8,867	59,950
Total operating expenses	136,332	169,456	305,788
Operating Income	299,227	119,880	419,107
Nonoperating Revenues (Expenses)			
Intergovernmental	-	125,268	125,268
Investment income	8,264	-	8,264
Interest expense	(7,799)	-	(7,799)
Total nonoperating revenues (expenses)	465	125,268	125,733
Income Before Transfers	299,692	245,148	544,840
Transfers in	177,194	-	177,194
Transfers out	(20,000)	(15,000)	(35,000)
Change in Net Position	456,886	230,148	687,034
Net Position, Beginning	2,178,398	140,159	2,318,557
Net Position, Ending	$ 2,635,284	$ 370,307	$ 3,005,591

Town of Trophy Club, Texas
Statement of Cash Flows – Proprietary Funds
For the Year Ended September 30, 2022

	Business-type Activities		
	Storm Drainage Utility	Nonmajor Fund Trophy Club Park	Total
Cash Flows from Operating Activities			
Receipts from customers and users	$ 435,252	$ 289,336	$ 724,588
Payments to suppliers and service providers	(69,478)	(98,743)	(168,221)
Payments to employees for salaries and benefits	-	(59,641)	(59,641)
Net cash provided by operating activities	365,774	130,952	496,726
Cash Flows from Noncapital Financing Activities			
Transfers to other funds	(20,000)	(15,000)	(35,000)
Transfers from other funds	177,194	-	177,194
Operating grants	-	125,268	125,268
Net cash provided by noncapital financing activities	157,194	110,268	267,462
Cash Flows from Capital and Related Financing Activities			
Acquisition and construction of capital assets	-	(147,921)	(147,921)
Interest paid on capital debt	(12,194)	-	(12,194)
Principal paid on capital debt	(165,000)	-	(165,000)
Net cash used for capital and related financing activities	(177,194)	(147,921)	(325,115)
Cash Flows from Investing Activities			
Interest on investments	8,264	-	8,264
Net cash provided by investing activities	8,264	-	8,264
Net Increase in Cash and Cash Equivalents	354,038	93,299	447,337
Cash and Cash Equivalents, Beginning	959,446	94,062	1,053,508
Cash and Cash Equivalents, Ending	$ 1,313,484	$ 187,361	$ 1,500,845
Reconciliation of Operating Income to Net Cash Provided by Operating Activities			
Operating income	$ 299,227	$ 119,880	$ 419,107
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation expense	51,083	8,867	59,950
Changes in operating assets and liabilities:			
(Increase) Decrease in:			
Accounts receivable	(307)	2,585	2,278
Prepaid items	-	(380)	(380)
Increase (Decrease) in:			
Accounts payable	15,771	-	15,771
Net cash provided by operating activities	$ 365,774	$ 130,952	$ 496,726

TOWN OF
TROPHY CLUB

Notes to Financial Statements

TOWN OF
TROPHY CLUB

Note 1: Summary of Significant Accounting Policies

The Town of Trophy Club (Town) is a "home rule town" incorporated in 1985. The Town operates under a Council-Manager form of government and provides the following services as authorized by its charter: public safety (police and emergency medical services), parks, public works (public improvements, streets, planning, and zoning), and general administrative services.

The financial statements of the Town have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to government units (hereinafter referred to as generally accepted accounting principles (GAAP)). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Town's significant accounting policies are described below.

Description of Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. The Town currently has no fiduciary activities. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support. Likewise, the primary government is reported separately from a legally separate component unit for which the primary government is financially accountable.

Financial Reporting Entity

The Town of Trophy Club is a municipal corporation governed by an elected mayor and a six-member council. The accompanying financial statements present the government and its component units, entities for which the government is considered financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations. Thus, blended component units are appropriately presented as funds of the primary government. The discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is both legally and substantively separate from the primary government.

Blended Component Units

Public Improvement District (PID) No. 1

On May 7, 2007, the Trophy Club Town Council approved Resolution 2007-08 authorizing and providing for the creation of a Public Improvement District. Trophy Club PID No.1 consists of approximately 609.68 acres within the corporate limits of the Town of Trophy Club. This District was created in accordance with Chapter 372 of the Texas Local Government Code. The PID issued refunding bonds in December 2015, with the approval of Town Council. The Town Council must review and update the service plan annually for the purpose of determining the annual budget for the PID No. 1. In addition, the PID No. 1 exclusively or almost exclusively benefits the primary government. The PID No. 1 is reported as major special revenue fund and does not issue separate financial statements.

Tax Increment Reinvestment Zone No. 1 (TIRZ No. 1)

The Tax Increment Reinvestment Zone No. 1 is governed by a board appointed by the Town's Council. The Town can impose its will on the TIRZ No. 1 and affect the day-to-day operations of the TIRZ No. 1 by removing appointed board members at will. The TIRZ No. 1 is funded by revenues generated through tax increment financing. Therefore, the primary government has an obligation to provide support to the TIRZ No. 1 (a financial burden). The TIRZ No. 1 is reported as a nonmajor special revenue fund and does not issue separate financial statements.

Crime Control and Prevention District

The Crime Control and Prevention District (CCPD) was formed under Chapter 363 of the Texas Local Government Code, the *Crime Control and Prevention Act*. The CCPD is organized exclusively to act on behalf of the Town to finance crime control within the Town. The CCPD is governed by a seven member board appointed by the Town Council. The annual budget and issuance of debt must be approved by the Town Council. The CCPD provides services entirely, or almost entirely to the primary government. The CCPD is reported as a nonmajor special revenue fund and does not issue separate financial statements.

Discretely Presented Component Unit

4B Economic Development Corporation

The 4B Economic Development Corporation (4B) serves all citizens of the Town and is governed by a board appointed by the Town's elected council. The Town can impose its will on the 4B and affect the day-to-day operations of the 4B by removing appointed board members at will. The scope of public service of the 4B benefits the Town and its citizens and is operated within the geographic boundaries of the Town. Since the 4B's governing body is not substantively the same as the governing body of the primary government, does not provide services entirely, or almost entirely to the primary government, nor does it maintain debt of any type that are repaid using Town resources, it has been reported as a discretely presented component unit. Separate financial statements for 4B component unit are not prepared.

Basis of Presentation – Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the Town's enterprise funds. Separate financial statements are provided for governmental funds and proprietary funds.

As discussed earlier, the Town has one discretely presented component unit. It is shown in a separate column in the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided, and other charges between various other functions of the Town. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the Town's funds, including its blended component units. Separate statements for each fund category—governmental and proprietary are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The Town reports the following major governmental funds:

- **General Fund –** The General Fund is the main operating fund of the Town. This fund is used to account for all financial resources not accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the General Fund.

- **Debt Service Fund –** The Debt Service Fund is used to account for the accumulation of financial resources for the payment of principal, interest and related costs on long-term debt paid primarily from taxes levied by the Town. The fund balance of the Debt Service Fund is restricted to signify the amounts that are restricted exclusively for debt service expenditures.

- **Capital Projects Fund –** The Capital Projects Fund is used to account for funds received and expended for acquisition and construction of infrastructure and other capital assets.

- **Public Improvement District (PID) No. 1 –** This fund accounts for bond proceeds, assessments and related debt associated with the issuance of bonds issued by the Town for the Public Improvement District.

The Town reports the following major enterprise fund:

- **Storm Drainage Utility Fund –** The storm drainage fund accounts for the storm drainage utility fee designated for the maintenance of the Town's storm drainage system.

During the course of operations, the Town has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. Further, certain activity occurs during the year involving transfers of resources between funds reported at gross amounts as transfers in/out. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of recognition in the financial statements of various kinds of transactions or events.

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they have been earned and they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service principal and interest expenditures on general long-term debt, including lease liabilities, as well as expenditures related to compensated absences, and claims and judgments, and postemployment benefits are recognized later based on specific accounting rules applicable to each, generally when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and financing through leases are reported as other financing sources. Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 1 years of year-end). All other revenue items are considered to be measurable and available only when cash is received by the Town.

Budgetary Information

Budgetary Basis of Accounting

Annual budgets are adopted on a basis consistent with Generally Accepted Accounting Principles (GAAP) for the general, hotel occupancy tax, street maintenance sales tax, court technology, court security, recreation programs, park land dedication, crime control and prevention district, and TIRZ No. 1 funds. The capital projects fund is appropriated on a project-length basis. The grants fund does not have appropriated budgets since other means control the use of these resources (e.g., grant awards) and sometimes span a period of more than one fiscal year.

The original budget is adopted by the Town Council prior to the beginning of the year. The legal level of control as defined by the Town Charter is the fund level. No funds can be transferred or added which affect the total fund expenditures without Town Council approval.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances technically lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expected in the next year) are reappropriated and become part of the subsequent year’s budget pursuant to state regulations, and the encumbrances are automatically reestablished in the next year.

Deposits and Investments

The Town's cash and cash equivalents includes cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. Because the Town, at its option, can withdraw funds within a twenty-four hour period from TexPool and Texas Class, these investments are considered to be cash equivalents.

State statutes authorize the Town to invest in: (1) obligations of the United States or its agencies and instrumentalities; (2) direct obligations of the State of Texas or its agencies; (3) other obligations, the principal of and interest on which are unconditionally guaranteed or insured by the State of Texas or the United States; (4) obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than A or its equivalent; (5) certificates of deposit by state and national banks domiciled in this state that are: (A) guaranteed or insured by the Federal Deposit Insurance Corporation, or its successor; or, (B) secured by obligations that are described by (1) – (4); or, (6) fully collateralized direct repurchase agreements having a defined termination date, secured by obligations described by (1), pledged with third party selected or approved by the Town, and placed through a primary government securities dealer. The Town's investments are governed by the same state statutes.

All investments are recorded at fair value based on quoted market prices. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties.

Receivables and Interfund Transactions

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the year are referred to as either "interfund receivables/payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds" in the fund financial statements. If the transactions are between the primary government and its component unit, these receivables and payables are classified as "due to/from component unit/primary government." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds are offset by a nonspendable fund balance account in the applicable governmental fund to indicate they are not available for appropriation and are not expendable available financial resources.

All trade receivables are shown net of any allowance for uncollectible amounts.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Capital and Lease Assets

Capital and lease assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital and lease assets are defined by the Town as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of one year.

As the Town constructs or acquires capital assets each period, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs, which are amounts spent in relation to capital assets that do not increase the asset's capacity or efficiency or increase its estimated useful life. Donated capital assets are recorded at acquisition value at the date of donation. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential on the date of the donation.

Land and construction in progress are not depreciated. The other property, plant, equipment, and infrastructure of the Town are depreciated/amortized using the straight-line method over the following estimated useful lives or lease term, whichever is shorter:

Buildings	30 Years
Improvements other than buildings	10-30 Years
Improvements other than buildings (streets)	30 Years
Machinery and equipment	7-15 Years
Vehicles	5-10 Years
Water system	25 Years
Infrastructure (storm drainage system)	40 Years

Lease Receivable

The Town is a lessor of its multiple water towers and recognizes a related lease receivable and a deferred inflow of resources. At the commencement of a lease, the Town initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflows of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

The Town monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town has three items that qualify for reporting in this category. The three items are the deferred charge on refunding reported in the government-wide statement of net position, and deferred amounts related to pension and OPEB. The deferred charge on refunding resulted from the difference between the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred amounts related to pension and OPEB relate to contributions after the measurement date, changes in actuarial assumptions, and the difference in expected and actual economic experience.

In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has four items that qualify for reporting in this category. Unavailable revenue is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from: property taxes, special assessments, and property liens. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. In the government-wide financial statements the Town reports deferred amounts related to pension and OPEB relating to the difference between projected and actual investment earnings, changes in actuarial assumptions, and difference in expected and actual economic experience. In both the government-wide financial statements and governmental funds financial statements, the Town reports deferred amounts related to leases which is comprised of the initial value of the lease receivable systematically reduced and recognized as lease revenue over the term of the lease.

Unearned Revenue

Governmental funds report a liability, unearned revenue, in connection with resources that have been received, but not yet earned, which consists primarily of grant dollar received in advance of incurring eligible expenditures.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements until due. The debt proceeds are reported as other financing sources, net of the applicable premium or discount and payments of principal and interest reported as expenditures.

In the governmental fund types, issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

Long-term debt and other obligations, financed by proprietary funds, are reported as liabilities in the appropriate funds. For proprietary fund types, bond premiums and discounts are deferred and amortized over the life of the bonds, if material. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs are expensed when incurred.

Lease Liability

The Town is a lessee for noncancellable leases. The Town recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the financial statements. The Town recognizes lease liabilities with an initial, individual value of $5,000 or more. At the commencement of a lease, the Town initially measures the lease liability at the present value of payments expected to be made during the lease term. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life or the lease term, whichever is shorter.

The Town monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Pensions

For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Postemployment Benefits (OPEB)

The Town has two single-employer defined benefit other postemployment benefit (OPEB) plans (Plans). For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense have been determined on the same basis as they are reported by the Plans. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms.

Net Position

For government-wide reporting as well as in proprietary funds, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called net position. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

- Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances of bonds, notes, and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.

- Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.

- Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

Sometimes the Town will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is Town's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Fund Balance

In governmental fund types, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called "fund balance." The Town's governmental funds report the following categories of fund balance, based on the nature of any limitations requiring the use of resources for specific purposes.

- Nonspendable fund balance represents amounts that are either not in a spendable form or are legally or contractually required to remain intact.

- Restricted fund balance includes amounts that can be spent only for the specific purposes stipulated by external resource providers such as grantors or enabling federal, state, or local legislation. Restrictions may be changed or lifted only with the consent of the resource providers.

- Committed fund balance represents amounts that can be used only for the specific purposes determined by of the adoption of an ordinance committing fund balance for a specified purpose by the Town's Council prior to the end of the fiscal year. Once adopted, the limitation imposed by the ordinance remains in place until the resources have been spent for the specified purpose or the Council adopts another ordinance to remove or revise the limitation.

- Assigned fund balance represents amounts that are intended to be used by the Town for specific purposes but do not meet the criteria to be classified as committed. The Council has by resolution authorized the finance director and town manager to assign fund balance. The Council may also assign fund balance, as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

- Unassigned fund balance represents the residual amount for the general fund that is not contained in the other classifications. The general fund is the only fund that reports a positive unassigned fund balance. Additionally, any deficit fund balance within the other governmental fund types is reported as unassigned.

As previously mentioned, sometimes the Town will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Program Revenues

Amounts reported as program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. Under state law, property taxes levied on real property constitute a lien on the real property which cannot be forgiven without specific approval of the State Legislature. The lien expires at the end of twenty years. Taxes levied on personal property can be deemed uncollectible by the Town.

Property taxes at the fund level are recorded as receivables and deferred revenues at the time the taxes are assessed. Revenues are recognized as the related ad valorem taxes are collected. Additional amounts estimated to be collectible in time to be a resource for payment of obligations incurred during the fiscal year and therefore susceptible to accrual in accordance with Generally Accepted Accounting Principles have been recognized as revenue.

Accumulated Vacation, Compensated Time, and Sick Leave

It is the Town's policy to permit employees to accumulate earned, but unused vacation pay benefits. No liability is reported for unpaid accumulated sick leave. All vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they are expected to be liquidated with expendable available financial resources, for example, as a result of employee resignations and retirements.

Proprietary Funds Operating and Nonoperating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the utility fund, golf course fund, and storm water utility funds are charges to customers for sales and services. The utility fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Adoption of GASB Statement No. 87, *Leases (GASB 87)*

During 2022, the Town adopted GASB 87. The Statement establishes a single model for lease accounting based on the principle that leases represent the financing of the right to use an underlying asset. The adoption of GASB 87 resulted in changes in presentation of financial statements and related disclosures in the notes to the financial statements.

Future Adoption of Accounting Pronouncements

The GASB has issued the following statements which will be effective in future years as described below. The impact on the Town's financial statements of implementation has not yet been determined for the following:

GASB Statement No. 94, Public-*Private and Public-Private Partnerships (PPPs) and Availability Payment Arrangements*, is effective for the Town's fiscal year 2023. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs).

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (SBITA), is effective for the Town's fiscal year 2023. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement: (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended.

Note 2: Stewardship, compliance, and accountability

Deficit Fund Equity

At September 30, 2022, the Tax Increment Reinvestment Zone No. 1 fund had a deficit fund balance of $266,168. The deficit balances will be eliminated in the future as assessed values continue to increase as a result of growth and development within the TIRZ.

Note 3: Cash and Investments

The Town utilizes a pooled cash and investment concept for all its funds, to maximize its investment program. Investment income from this internal pooling is allocated to the respective funds based upon the sources of funds invested.

Deposits

At September 30, 2022, the carrying amount of the Town's demand deposits, including its component unit, totaled $16,549,699 and the bank balance was $16,595,245. Cash on hand for the Town was $400 and the carrying amount and bank balance of cash for the Public Improvement District No. 1 was $4,009,189.

Custodial Credit Risk

In the case of deposits, this is the risk that, in the event of a bank's failure, the Town's deposits may not be returned to it. Pursuant to provisions of both the *Texas Public Funds Investment Act* and the Public Funds Investment Policy of the Town, deposits of the Town that exceed the federal depository insurance coverage levels are materially collateralized with securities held by a third party custodian in the Town's name. Investments, other than investments that are obligations of the U.S. government, its agencies, and instrumentalities, are insured or registered in the Town's name and held by a third party custodian.

Investments

The Town's investment policies are governed by state statutes. The Town's investment policies further limit state statutes such that eligible investments include the following:

1. Obligations, including letters of credit, of the United States, its agencies, and instrumentalities, including the Federal Home Loan Banks.

2. Direct obligations of the State of Texas, its agencies and instrumentalities or obligations of agencies, counties, cities, and other political subdivisions of this State rated as to investment quality by a nationally recognized investment rating firm of not less than "A" or its equivalent.

3. Other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, the State of Texas or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States.

4. Certificates of Deposit and other forms of deposit issued by a depository institution that has its main office or a branch office in Texas. The certificate of deposit must be guaranteed or insured by the Federal Deposit Insurance Corporation or its successor or the National Credit Union Share Insurance Fund or its successor or secured by obligations in a manner and amount as provided by law. In addition, deposits obtained through a depository institution that has its main office or a branch office in Texas and that contractually agrees to place the funds in federally insured depository institutions in accordance with the conditions prescribed in Section 2256. 01 0(b) of the *Public Funds Investment Act* are authorized investments.

Additionally, funds invested by the Town through a broker that has a main office or branch office in Texas and is selected from a list approved by the Town as required by section 2656.025 of the *Public Funds Investment Act* or a depository institution that has a main office or branch office in Texas and is selected by the Town are authorized investments if the following conditions are met:

a. the broker or depository institution selected by the Town as specified above arranges for the deposit of the funds in certificates of deposit in one or more federally insured depository institutions, wherever located, for the account of the Town;

b. the full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States; and

c. the Town appoints a depository bank, or a clearing broker registered with the Securities and Exchange Commission Rule 15c-3 (17CFR, Section 240 15c3-3) as custodian for the Town with respect to the certificates of deposit issued for account to the Town.

5. Fully collateralized direct repurchase agreements with a defined termination date secured by obligations of the United States or its agencies and instrumentalities. These shall be pledged to the Town of Trophy Club, held in an account in the Town of Trophy Club's name, and deposited at the time the investment is made with the Town of Trophy Club or with a third-party selected and approved by the Town of Trophy Club. Repurchase agreements must be purchased through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in Texas. A Master Repurchase Agreement, or similar agreement, must be signed by the bank/dealer prior to investment in a repurchase agreement. All repurchase agreement transactions will be on a delivery versus payment basis. Securities received for repurchase agreements must have a market value greater than or equal to 102 percent at the time funds are disbursed. (This section pertains to Sweep Accounts and/or Bond Proceeds)

6. No-Load Money Market Mutual funds that: 1) are registered and regulated by the Securities and Exchange Commission and provide a prospectus and other information required by the *Securities and Exchange Act of 1934* (15 U.S.C. Section 78a) or the Investment Company Act of 1940 (15 U.S.C. Section 80a-1), and 2) seek to maintain a stable net asset value of $1.0000 per share.

7. Local government investment pools, which: 1) meet the requirements of Chapter 2256.016 of the *Public Funds Investment Act*, 2) are rated no lower than AAA or an equivalent rating by at least one nationally recognized rating service, and 3) are authorized by resolution or ordinance by the Town Council. In addition, a local government investment pool created to function as a money market mutual fund must mark its portfolio to the market daily and, to the extent reasonably possible, stabilize at a $1.0000 net asset value.

Investment Pools

TexPool was established as a trust company with the Treasurer of the State of Texas as trustee, segregated from all other trustees, investments, and activities of the trust company. The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The advisory board members review the investment policy and management fee structure. Finally, Standard & Poor's rate TexPool AAAm. As a requirement to maintain the rating, weekly portfolio information must be submitted to Standard & Poor's, as well as to the office of the Comptroller of Public Accounts for review. At September 30, 2022, the fair value of the position in TexPool approximates fair value of the shares. There were no limitations or restrictions on withdrawals.

Texas CLASS is a local government investment pool emphasizing safety, liquidity, convenience, and competitive yield. Since 1996, Texas CLASS has provided Texas public entities a safe and competitive investment alternative. Texas CLASS invests only in securities allowed by the Texas *Public Funds Investment Act*. The pool is governed by a board of trustees, elected annually by its participants. Texas CLASS is rated 'AAAm' by Standard and Poor's Ratings Services. The 'AAAm' principal stability fund rating is the highest assigned to principal stability government investment pools and is a direct reflection of Texas CLASS's outstanding credit quality and management. At September 30, 2022, the fair value of the position in Texas CLASS approximates fair value of the shares. There were no limitations or restrictions on withdrawals.

Interest rate risk

Interest rate risk is the risk that changes in the market interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, the Town manages its exposure to declines in fair values by limiting the maximum maturity length of investments to three years.

As of September 30, 2022, the Town had the following investments:

Investment Type	Fair Value	Investment Maturities (in Years) Less Than 1 Year
Texas CLASS	$ 2,513,191	$ 2,513,191
TexPool	3,343,849	3,343,849
Total	$ 5,857,040	$ 5,857,040

Credit Risk

The Town's investment policy limits investments to obligations of the United States, State of Texas, or their agencies and instrumentalities with an investment quality rating of not less than "A" or its equivalent, by a nationally recognized investment rating firm. Other obligations must be unconditionally guaranteed (either express or implied) by the full faith and credit of the United States Government or the issuing U.S. agency and investment pools with an investment quality not less than AAA or AAAm, or equivalent, by at least one nationally recognized rating service. As of September 30, 2022, all of the Town's purchased investments in U.S. Agencies Obligations were rated AA+, AAA and Aaa by Standard & Poors, Fitch and Moody's, respectively

Concentration of Credit Risk

The concentration of credit risk is the risk of loss that may be caused by the Town's investment in a single issuer. The Town's investment policy states that the investment portfolio shall be diversified so that potential losses on individual issuers will be minimized. At September 30, 2022, the Town's investments are 100% in investment pools.

Fair Value of Investments

The Town measures and records its investments using, as appropriately, fair value measurement guidelines established by generally accepted accounting principles (GAAP). These guidelines recognize a three-tiered fair value hierarchy as follows:

- **Level 1:** Quoted prices for identical investments in active markets;
- **Level 2:** Observable inputs other than those in Level 1; and
- **Level 3:** Unobservable inputs.

Debt and equity securities classified as Level 1 are valued using prices quoted in active markets for those securities. Debt and equity securities classified in Level 2 are valued using the following approaches: debt securities are normally valued based on price data obtained from observed transactions and market price quotations from broker dealers and/or pricing vendors; equity securities are valued using fair value per share for each fund. Certificates of deposit classified in level 2 are valued using broker quotes that utilize observable market inputs. Securities classified as Level 3 have limited trade information, these securities are priced or using the last trade price or estimated using recent trade prices. At September 30, 2022, the Town had no investments in the fair value hierarchy.

Certain investments that are measured using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts included below approximate net asset value for the applicable external investment pool balances. Additionally, the Town has investments in governmental pools as listed below, which are recorded at amortized cost, and excluded from the fair value hierarchy.

At September 30, 2022, the Town had the following investments:

Investments measured at net asset value	
Texas Class	$ 2,513,191
Investments measured at amortized cost	
TexPool	3,343,849
Total investments	$ 5,857,040

Note 4: Receivables

Below is the detail of receivables for the Town's major and nonmajor funds, including the applicable allowances for doubtful accounts:

	General	Debt Service	PID No. 1	Nonmajor Governmental	Storm Drainage Utility	Total
Receivables						
Property taxes	$ 56,239	$ 17,234	$ -	$ -	$ -	$ 73,473
Sales Tax	251,849	-	-	124,554	-	376,403
Franchise taxes	41,614	-	-	-	-	41,614
Hotel occupancy	-	-	-	141,185	-	141,185
Special assessments	-	-	19,574,747	-	-	19,574,747
Due from other governments	7,505	-	-	-	-	7,505
Municipal court	65,879	-	-	-	-	65,879
EMS	122,669	-	-	-	-	122,669
Storm drainage	-	-	-	-	36,164	36,164
Leases	376,705	-	-	-	-	376,705
Other	114,667	-	-	-	-	114,667
Gross receivables	1,037,127	17,234	19,574,747	265,739	36,164	20,931,011
Less: allowance for doubtful accounts	(99,615)	-	-	(10,500)	-	(110,115)
Net receivables	$ 937,512	$ 17,234	$ 19,574,747	$ 255,239	$ 36,164	$ 20,820,896

Based on the payment schedule for special assessment receivables, approximately $17,313,000 of the amount reported in the PID No. 1 fund is not expected to be collected within the next year.

Leases Receivable

The Town leases several water towers to third parties, terms of which expire in various years through 2027. The Town recognized approximately in $84,000 in lease revenue and $24,000 in interest revenue during the current fiscal year related to the leases. As of September 30, 2022, the Town's receivable for lease payments was $376,705. Also, the Town has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of September 30, 2022, the balance of the deferred inflow of resources was $364,146.

Note 5: Capital and Lease Assets

Capital assets activity for the year ended September 30, 2022, was as follows:

	Beginning Balance	Additions	Sales/ Disposals	Transfers	Ending Balance
Governmental Activities					
Capital assets, not being depreciated:					
Land	$ 10,487,119	$ -	$ -	$ -	$ 10,487,119
Construction in progress	-	999,245	-		999,245
Total capital assets, not being depreciated	10,487,119	999,245	-	-	11,486,364
Capital assets, being depreciated:					
Buildings	10,659,919		-	-	10,659,919
Improvements other than buildings	64,931,042	530,412	-		65,461,454
Machinery and equipment	2,558,031	348,929	(47,326)	-	2,859,634
Vehicles	1,519,951	678,282	(40,535)	-	2,157,698
Water system	5,362,005	-	-	-	5,362,005
Infrastructure	14,332,062	-	-	-	14,332,062
Total capital assets, being depreciated	99,363,010	1,557,623	(87,861)	-	100,832,772
Less accumulated depreciation for:					
Buildings	1,805,630	386,789	-	-	2,192,419
Improvements other than buildings	30,708,697	2,241,430	-	-	32,950,127
Machinery and equipment	1,881,930	230,529	(47,326)	-	2,065,133
Vehicles	981,248	177,207	(40,535)	-	1,117,920
Water system	1,848,558	175,875	-	-	2,024,433
Infrastructure	6,621,347	364,290	-	-	6,985,637
Total accumulated depreciation	43,847,410	3,576,120	(87,861)	-	47,335,669
Total capital assets, being depreciated, net	55,515,600	(2,018,497)	-	-	53,497,103
Governmental activities capital assets, net	$ 66,002,719	$ (1,019,252)	$ -	$ -	$ 64,983,467

	Beginning Balance	Additions	Sales/ Disposals	Transfers	Ending Balance
Business-Type activities:					
Capital assets, being depreciated:					
Improvements other than Buildings	$ -	$ 147,921	$ -	$ -	$ 147,921
Machinery and equipment	36,610	-	-	-	36,610
Improvements	33,365	-	-	-	33,365
Infrastructure	2,039,766	-	-	-	2,039,766
Total capital assets, being depreciated	2,109,741	147,921	-	-	2,257,662
Less accumulated depreciation for:					
Improvements other than Buildings	-	1,894	-	-	1,894
Machinery and equipment	16,571	3,637	-	-	20,208
Improvements	4,170	3,336	-	-	7,506
Infrastructure	329,728	51,083	-	-	380,811
Total accumulated depreciation	350,469	59,950	-	-	410,419
Total capital assets, being depreciated, net	1,759,272	87,971	-	-	1,847,243
Business-type activities capital assets, net	$ 1,759,272	$ 87,971	$ -	$ -	$ 1,847,243

Depreciation expense was charged to the functions/programs of the primary government as follows:

Governmental Activities	
General government	$ 392,136
Emergency medical services	62,655
Information systems	50,428
Police	113,654
Fire	26,611
Parks and recreation	809,615
Community	5,928
Streets (Infrastructure)	2,115,093
Total governmental activities depreciation expense	$ 3,576,120
Business-type Activities	
Trophy Club Park	$ 8,867
Storm Drainage Utility	51,083
Total business-type activities	$ 59,950

Lease asset activity for the year ended September 30, 2022, was as follows:

	Beginning of Year *Restated*	Additions	Disposals	Transfers	End of Year
Governmental Activities					
Lease assets being amortized					
Equipment	$ 34,047	$ 90,577	$ -	$ -	$ 124,624
Copy machine	19,192	-	-	-	19,192
Total lease assets being amortized	53,239	90,577	-	-	143,816
Less: accumulated amortization	-	(32,245)	-	-	(32,245)
Total lease assets being amortized, net	53,239	58,332	-	-	111,571
Governmental activities lease assets, net	$ 53,239	$ 58,332	$ -	$ -	$ 111,571

Amortization expense was charged to functions/programs of the primary government as follows:

Governmental Activities	
General government	$ 10,967
Fire Protection	21,278
Total amortization expense – governmental activities	$ 32,245

Note 6: Long-term Liabilities

The following is a summary of changes in the Town's total long-term liabilities for the year ended September 30, 2022.

	Restated Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Governmental Activities					
General Obligation Bonds	$ 7,500,000	$ -	$ 905,000	$ 6,595,000	$ 705,000
Certificates of Obligation	13,531,000	-	1,233,000	12,298,000	1,183,000
Special Assessment Bonds	22,645,000	-	1,400,000	21,245,000	1,469,000
Bond Premiums	3,798,808	-	316,665	3,482,143	-
Total bonds payable	47,474,808	-	3,854,665	43,620,143	3,357,000
Leases payable	53,239	90,577	44,199	99,617	38,356
Compensated absences	386,693	229,763	345,052	271,404	244,264
Total government activities	$ 47,914,740	$ 320,340	$ 4,243,916	$ 43,991,164	$ 3,639,620
Business-Type Activities:					
Certificates of Obligation	$ 510,000	$ -	$ 165,000	$ 345,000	$ 170,000
Bond Premiums	8,504	-	4,018	4,486	-
Total bonds payable	518,504	-	169,018	349,486	170,000
Total business-type activities	$ 518,504	$ -	$ 169,018	$ 349,486	$ 170,000

The Town intends to retire all of its governmental activities general long-term liabilities, plus accrued interest, from property taxes and other current revenues from the debt service fund as has been done in prior years. The special assessment bonds are expected to be liquidated from the PID No. 1 fund. The general fund has typically been used to liquate the liability for compensated absences for governmental activities. The proprietary fund type long-term debt will be repaid, plus accrued interest, from operating revenues of the respective fund.

General Obligation Bonds

The Town issues general obligation bonds and certificates of obligations to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities. General obligation bonds are direct obligations and pledge the full faith and credit of the Town. General obligation bonds and certificates of obligation outstanding at September 30, 2022, are as follows:

Governmental Activities	Interest Rate (%)	Final Maturity	Original Borrowing	Outstanding at Year-End
General Obligation Bonds:				
Refunding	2.18	2025	$ 2,030,000	$ 720,000
Improvements	2.00-3.00	2036	5,245,000	3,840,000
Refunding	1.16	2030	3,550,000	2,035,000
				$ 6,595,000
Certificate of Obligations:				
Combination Tax and Revenue Series 2004	3.50-4.75	2024	650,000	$ 68,000
Certificates of Obligation Series 2013	2.50-3.25	2028	1,300,000	660,000
Certificates of Obligation Series 2014	2.00-4.00	2034	2,500,000	1,675,000
Certificates of Obligation Series 2016	2.00-4.00	2036	4,210,000	3,215,000
Certificates of Obligation Series 2017	2.50-3.00	2037	4,445,000	3,020,000
Certificates of Obligation Series 2021	2.00-4.00	2041	4,305,000	3,660,000
				$ 12,298,000

Business-type Activities	Interest Rate (%)	Final Maturity	Original Borrowing	Outstanding at Year-End
Certificates of Obligation Series 2013	2.50-3.00	2024	$ 1,700,000	$ 345,000
				$ 345,000

Special Assessment Bonds

The Town also issued special assessment debt in 2015 to provide funds for improvements within Trophy Club PID No. 1 area. These bonds will be repaid from special assessments levied on the property owners benefiting from this construction. Those amounts, including interest, are 100% pledged to pay the scheduled principal and interest payments on the special assessment bonds. The Town is not obligated to pay the bonds from any funds raised from taxation or from any other revenues available to the Town.

Governmental Activities	Interest Rate (%)	Final Maturity	Original Borrowing	Outstanding at Year-End
Special Assessment:				
Special Assessment Revenue Refunding-Series 2015	2.00-4.00	2033	$ 26,154,979	$ 21,245,000
				$ 21,245,000

The debt service requirements for the Town's bonds are as follows:

Year Ended September 30, 2022	Governmental Activities			Business-type Activities		
	Principal	Interest	Total Requirements	Principal	Interest	Total Requirements
2023	$ 3,357,000	$ 1,274,495	$ 4,631,495	$ 170,000	$ 7,588	$ 177,588
2024	2,949,000	1,183,109	4,132,109	175,000	2,625	177,625
2025	3,072,000	1,089,682	4,161,682	-	-	-
2026	3,018,000	992,821	4,010,821	-	-	-
2027	3,133,000	906,885	4,039,885	-	-	-
2028-2032	12,025,000	3,013,869	15,038,869	-	-	-
2033-2037	11,749,000	479,500	12,228,500	-	-	-
2038-2041	835,000	33,750	868,750	-	-	-
Total	$ 40,138,000	$ 8,974,111	$ 49,112,111	$ 345,000	$ 10,213	$ 355,213

Lease Liability

The Town has agreements as lessee for equipment and copiers, the terms of which expire in various years through 2025.

The following is a schedule by year of payments under the leases as of September 30, 2022:

Year Ending September 30,	Principal	Interest	Total
2023	$ 38,356	$ 1,131	$ 39,487
2024	30,449	731	31,180
2025	30,812	368	31,180
Total	$ 99,617	$ 2,230	$ 101,847

Note 7: Interfund Transactions

Due to/from component unit

The composition of amounts due to/from component unit as of September 30, 2022, is as follows:

Receivable	Payable	Amount
Component Unit	General Fund	$ 3,659
	Nonmajor Governmental Fund	$ 7,322
		$ 10,981

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Advances from/to other funds:

Receivable Fund	Payable Fund	Amount
General Fund	PID No. 1	$ 38,274
General Fund	Nonmajor Governmental Fund	386,503
		$ 424,777

The amount payable to the general fund from the nonmajor governmental fund relates to a working capital loan made to a nonmajor governmental fund. None of the balance is scheduled to be collected in the subsequent year. The amount payable to the general fund from the Public Improvement District No. 1 fund relates to related expenditures paid for by the general fund during prior years. The balance is expected to be paid in future years as the Public Improvement District No. 1 fund increases revenues.

Interfund transfers

The composition of interfund transfers for the year ended September 30, 2022, is as follows:

	Transfer In			
Transfer Out:	General	Nonmajor Governmental Funds	Storm Drainage Utility Fund	Total
General Fund	$ -	$ 91,293	$ -	$ 91,293
Debt Service Fund	-	-	177,194	177,194
Capital Projects Fund	23,816	-	-	23,816
Nonmajor Governmental Funds	116,500	-	-	116,500
Storm Drainage Utility Fund	20,000	-	-	20,000
Nonmajor Enterprise Fund	15,000	-	-	15,000
Total	$ 175,316	$ 91,293	$ 177,194	$ 443,803

Transfers were primarily used to support debt service, capital expenditures, and to transfer funds to the general fund for budgeted administrative costs.

Note 8: Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; injuries to employees; employee health benefits; and other claims of various natures. The Town participates in the Texas Municipal League Intergovernmental Risk Pool (Pool) which provides protection for risks of loss. Premiums are paid to the Pool that retains the risk of loss beyond the Town's policy deductibles. Any losses reported but unsettled or incurred and not reported, are believed to be insignificant to the Town's basic financial statements. For the last three years, there have been no significant reductions of insurance coverage or insurance settlements in excess of insurance coverage.

Note 9: Contingencies

Federal Grant Programs

The Town participates in various federal grant programs, the principal of which are subject to program compliance audits pursuant to the *Single Audit Act* as amended. Accordingly, the Town's compliance with applicable grant requirements will be established at a future date. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the Town anticipates such amounts, if any, will be immaterial.

Note 10: Defined Benefit Pension Plan

Plan Description

The Town participates as one of over 900 plans in the defined benefit cash-balance pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is a statewide public retirement plan created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for employees of Texas participating cities. The TMRS Act places the general administration and management of TMRS with a six-member, Governor-appointed Board of Trustees; however, TMRS is not fiscally dependent on the State of Texas. TMRS issues a publicly available Comprehensive Annual Financial Report (Annual Report) that can be obtained at tmrs.com.

All eligible employees of the Town are required to participate in TMRS.

Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the Town, within the options available in the state statutes governing TMRS.

At retirement, the Member's benefit is calculated based on the sum of the Member's contributions, with interest, and the Town-financed monetary credits with interest. The retiring Member may select one of seven monthly benefit payment options. Members may also choose to receive a portion of their benefit as a lump sum distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the total Member contributions and interest. The plan provisions are adopted by the governing body of the Town, within the options available in the state statutes governing TMRS and within the actuarial constraints also in the statutes.

Plan provisions for the Town were as follows:

Member Deposit Rate	7%
Town Matching Ratio	2 to 1
Updated Service Credit	100% Transfers
Annuity Increases to Retirees	30% CPI-U since retirement date
Vesting	5 years
Service Retirement Eligibilities	5 years/age 60, 20 years/any age

Employees Covered by Benefit Terms

At the December 31, 2021 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	56
Inactive employees entitled to but not yet receiving benefits	109
Active employees	73
	238

Contributions

Member contribution rates in TMRS are either 5%, 6%, or 7% of the Member's total compensation, and the Town matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the Town. Under the state law governing TMRS, the contribution rate for each Town is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The Town's contribution rate is based on the liabilities created from the benefit plan options selected by the Town and any changes in benefits or actual experience over time.

Employees for the Town were required to contribute 7% of their annual compensation during the fiscal year. The contribution rates for the Town were 13.45% and 12.58% in calendar years 2021 and 2022, respectively. The Town's contributions to TMRS for the year ended September 30, 2022, were $793,562 and were equal to the required contributions.

Net Pension Asset

The Town's Net Pension Asset was measured as of December 31, 2021, and the Total Pension Liability (TPL) used to calculate the Net Pension Asset was determined by an actuarial valuation as of that date. The Total Pension Liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Overall payroll growth	2.75% per year
Investment rate of return	6.75% net of pension plan investment expense, including inflation

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees are used with a four-year set-forward for males and a three-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2109 actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2022 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Public Equity	35.00%	7.55%
Core Fixed Income	6.00%	2.00%
Non-Core Fixed Income	20.00%	5.68%
Other Public and Private Markets	12.00%	7.22%
Real Estate	12.00%	6.85%
Hedge Funds	5.00%	5.35%
Private Equity	10.00%	10.00%
Total	100.00%	

Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that Member and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive Members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Changes in Net Pension Liability (Asset)

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability / (Asset) (a) - (b)
Balance, Beginning of Year	$ 23,151,652	$ 22,085,732	$ 2,782,644
Changes for the year:			
Service cost	1,059,781	-	1,059,781
Interest (on the Total Pension Liability)	1,572,070	-	1,572,070
Difference between expected and actual experience	191,092	-	191,092
Changes in assumptions	-	-	-
Contributions - member	-	420,786	(420,786)
Contributions - employer	-	808,487	(808,487)
Net investment income	-	2,883,176	(2,883,176)
Benefit payments, including refunds of member contributions	(783,233)	(783,233)	-
Administrative expense	-	(13,322)	13,322
Other	-	91	(91)
Net Changes	2,039,710	3,315,985	(1,276,275)
Balance, End of Year	$ 25,191,362	$ 25,401,717	$ (210,355)

Sensitivity of the Net Position Liability (Asset) to Changes in the Discount Rate

The following presents the net pension liability (asset) of the Town, calculated using the discount rate of 6.75%, as well as what the Town's net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
Net pension liability (asset)	$ 3,680,700	$ (210,355)	$ (3,356,880)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in the Schedule of Changes in Fiduciary Net Position, by Participating City/Town. That report may be obtained at tmrs.com.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:

For the year ended September 30, 2022, the Town recognized pension expense of $235,241.

At September 30, 2022, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between projected and actual investment earnings	$ -	$ 1,477,509
Changes in actuarial assumptions	-	46
Difference in expected and actual economic experience	126,315	47,376
Contributions subsequent to the measurement date	574,675	-
	$ 700,990	$ 1,524,931

$574,675 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as an increase of the Net Pension Asset for the year ending 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended September 30,	Net Deferred Inflows of Resources
2023	$ (257,997)
2024	(549,286)
2025	(312,856)
2026	(278,477)
	$ (1,398,616)

Allocation of Pension Items

The Town allocates pension items to the governmental activities on the basis of employee payroll funding. The net pension liability/(asset) is liquidated by the General Fund, Street Maintenance Sales Tax Fund, and Hotel Occupancy Tax Fund.

Note 11: Other Postemployment Benefits (OPEB)

A summary of the total OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense of each plan is shown below. Detailed discussion of each plan will follow in this note.

	Total OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
Governmental Activities				
Supplemental Death Benefits Plan	$ 361,536	$ 67,188	$ 14,665	$ 52,110
Retiree Health Care Plan	45,909	-	30,498	3,040
Total governmental activities	$ 407,445	$ 67,188	$ 45,163	$ 55,150

Texas Municipal Retirement System Supplemental Death Benefits Fund

Plan Description

Texas Municipal Retirement System (TMRS) administers an optional death benefit plan, the Supplemental Death Benefits Fund (SDBF), which operates like a group-term life insurance plan. This is a voluntary program in which participating member cities may elect, by ordinance, to provide supplemental death benefits for their active Members with optional coverage for their retirees. The Town has elected to participate in the SBDF for its active members, including retirees. As the SDBF covers both active and retiree participants with no segregation of assets, the SDBF is considered to be an unfunded single-employer OPEB plan (i.e. no assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75).

Benefits Provided

The death benefit for active Members provides a lump-sum payment approximately equal to the Member's annual salary (calculated based on the Member's actual earnings for the 12-month period preceding the month of death). The death benefit for retirees is considered another postemployment benefit (OPEB) and is a fixed amount of $7,500.

Employees Covered by Benefit Terms

At the December 31, 2021 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees currently receiving benefits	35
Inactive employees entitled to but not yet receiving benefits	30
Active employees	73
	138

Contributions

The Town contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is based on the mortality and service experience of all employees covered by the SDBF and the demographics specific to the workforce of the Town. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year. As such, contributions fund the covered active Member and retiree deaths on a pay-as-you-go basis. Due to the SDBF being considered an unfunded OPEB plan, benefit payments are treated as being equal to the Town's yearly contributions for retirees.

The retiree portion of the contribution rates for the Town to the SDBF were 0.06% in both calendar years 2020 and 2021. The Town's contributions to the SBDF for the year ended September 30, 2022, were $3,607, and were equal to the required contributions.

Total OPEB Liability

The Town's Total OPEB Liability was measured as of December 31, 2021, and the Total OPEB Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The Total OPEB Liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Salary increases	3.50% to 11.50% including inflation
Discount rate	1.84% (2.00% in prior year)
Retirees' share of benefit- related costs	$0

All administrative expenses are paid through the Town's Pension Trust and accounted for under reporting requirements of GASB Statement No. 68. Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based the gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements. Mortality rates for disabled annuitants were based on the mortality tables for healthy retirees is used with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions used in the December 31, 2021 valuation were based on the results of an actuarial experience study for the period December 31, 2014 to December 31, 2018. Because the Supplemental Death Benefits Fund is considered an unfunded trust under GASB Statement No. 75, the relevant discount rate for calculating the Total OPEB Liability is based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of the measurement date.

Changes in the Total OPEB Liability:

	Total OPEB Liability
Balance, Beginning of Year	$ 313,840
Changes for the year	
Service cost	27,652
Interest on Total OPEB Liability	6,517
Differences between expected and actual experience	4,559
Changes of assumptions	12,575
Benefit payments	(3,607)
Net changes	47,696
Balance, End of Year	$ 361,536

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the Town, calculated using the discount rate of 1.84%, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (0.84%) or 1-percentage- point higher (2.84%) than the current rate:

	1% Decrease in Discount Rate (0.84%)	Discount Rate (1.84%)	1% Increase in Discount Rate (2.84%)
Total OPEB liability	$ 456,055	$ 361,536	$ 291,637

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2022, the Town recognized OPEB expense of $52,110.

At September 30, 2022, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference in expected and actual experience	$ 3,658	$ 9,824
Changes in assumptions	61,205	4,841
Contributions made subsequent to measurement date	2,325	-
	$ 67,188	$ 14,665

The Town reported $2,325 as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date that will be recognized as a reduction of the Total OPEB Liability for the year ending September 30, 2023. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended September 30,	Net Deferred Outflows of Resources
2023	$ 17,023
2024	15,794
2025	13,249
2026	3,933
2027	199
	$ 50,198

Retiree Health Care Plan

Plan Description

The Town offers retired employees and their dependents the option to retain health, dental, and vision insurance coverage under the Town's insurance carrier until the age 65 through a single employer defined benefit plan. The Town does not make a direct contribution for retiree medical coverage. The retirees participate in the same plan as active employees. This effect on cost is considered to be an implicit rate subsidy. To be eligible for retiree health plan benefits, retired employees must be at least age 55 and have 10 years of service with the Town. The plan does not issue a separate report. Benefit provisions for retirees are not mandated by any form of employment agreement and the continued provision of these benefits is based entirely on the discretion of the Town Council. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75.

Benefits Provided

Retiree medical coverage levels for retirees are the same plans and benefits for all active employees in accordance with the terms and conditions of the Town's current health plan. Premiums for the retiree health plans are 195% of the current contribution rate for active employees. The plans themselves are the same as well with regard to benefits and structure with no differentiation. The contributions and coverage continue until the retiree reaches age 65.

Employees Covered by Benefit Terms

At September 30, 2022, the following employees were covered by the benefit terms:

Inactive employees currently receiving benefits	-
Active employees	62
	62

Total OPEB Liability

The Town's Total OPEB Liability was measured as of September 30, 2022, and the Total OPEB Liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions:

The Total OPEB Liability in the September 30, 2022 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Salary increases	3.50%, including inflation
Discount rate	4.77% (2.25% in prior year)
Retirees' share of benefit- related costs	Retiree pays a 195% of the active employee monthly contribution rate for medical/ dental/vision coverage
Health-care cost trend rates	Level 4.50%

Mortality rates were based on RPH-2014 Total Table with Projection MP-2019. Because the Retiree Health Care Plan is considered an unfunded trust under GASB Statement No. 75, the relevant discount rate for calculating the Total OPEB Liability is based on the S&P Municipal Bond 20-Year High Grade Rate index as of the measurement date.

Changes in the Total OPEB Liability:

	Total OPEB Liability
Balance, Beginning of Year	$ 67,646
Changes for the year	
Service cost	6,570
Interest on Total OPEB Liability	1,670
Differences between expected and actual experience	(16,109)
Changes of assumptions	(13,868)
Net changes	(21,737)
Balance, End of Year	$ 45,909

Rate Sensitivity of the Total OPEB Liability

The following presents the total OPEB liability of the Town, calculated using the discount rate of 4.77%, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.77%) or 1-percentage- point higher (5.77%) than the current rate:

	1% Decrease in Discount Rate (3.77%)	Discount Rate (4.77%)	1% Increase in Discount Rate (5.77%)
Total OPEB liability	$ 50,995	$ 45,909	$ 41,365

The following presents the total OPEB liability of the Town, calculated using the healthcare cost trend rate of 4.5%, as well as what the Town's total OPEB liability would be if it were calculated using a trend rate that is 1-percentage-point lower (3.5%) or 1-percentage- point higher (4.5%) than the current rate:

	1% Decrease in Trend Rate (3.50%)	Healthcare Trend Rate (4.50%)	1% Increase in Trend Rate (5.50%)
Total OPEB liability	$ 40,128	$ 45,909	$ 52,710

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2022, the Town recognized OPEB expense of $3,040.

At September 30, 2022, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference in expected and actual experience	$ -	$ 14,578
Changes in assumptions	-	15,920
	$ -	$ 30,498

Amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended September 30,	Net Deferred Inflows of Resources
2023	$ (5,200)
2024	(5,200)
2025	(5,200)
2026	(5,200)
2027	(5,058)
Thereafter	(4,640)
	$ (30,498)

Allocation of OPEB Items

The Town allocates OPEB items to the governmental activities on the basis of employee payroll funding. The total OPEB liability is liquidated by the General Fund, Street Maintenance Sales Tax Fund, and Hotel Occupancy Tax Fund.

Note 12: Deferred Compensation Plan

The Town has established a single-employer defined contribution, deferred compensation plan (457 Plan) in accordance with Internal Revenue Code, Section 457(b). The 457 Plan is available to all full-time employees of the Town. The 457 Plan is administered by ICMA Retirement Corporation doing business as Mission Square Retirement. Benefit provisions are contained in the plan document and were established and can be amended by action of the Town Council. All 457 Plan assets and income are held in trust for the exclusive benefit of participants and their beneficiaries; therefore, it is not reported in the financial statements of the Town.

The 457 Plan permits employees to defer a portion of their salaries until future years. The benefits of the 457 Plan are not available to employees until termination, retirement, or unforeseeable emergency. Benefits are available to employee's beneficiaries in case of death. The Town does not contribute to the 457 Plan.

Note 13: Tax Abatements

The Town enters into tax abatement agreements with local businesses under Chapter 380 of the Texas Local Government Code. The Town has the authority under both Article III, Section 52-a of the Texas Constitution and Chapter 380 to make public funds available for the purposes of promoting local economic development and stimulating business and commercial activity with the Town. The Town offers individual incentive packages to attract new business to the Town. Abatements may be granted by Town Council resolution to companies or developers agreeing to relocate to the Town or to establish a new business in the Town. As part of the agreements, the Town agrees to refund a portion of incremental Local Sales and Use Tax, Type B Sales and Use Tax, and/or Property Taxes after confirmation of payment. The agreements entered into by the Town include clawback provisions should the recipient of the tax abatement fail to fully meet its commitments, such as annual sales levels or appraised values of real and personal property located on the project site. As a part of these agreements, the Town may also provide Developers financial assistance for Developer's expenditures made towards the Project. In addition to tax abatements, the Town occasionally makes additional commitments in its economic development incentive agreements. The following additional commitments have been made:

- The Town agreed to provide a loan of $200,000 to fund certain permanent improvements to a building related to a qualified project during fiscal year 2021. The loan was to be paid back with interest of 2% calculated annually within four years of the date the Certificate of Occupancy is issued. During fiscal year 2022, the payee closed operations and was in default of the agreement. The Town is currently developing a revised repayment plan with expectations of full collectability of the original outstanding amount. The current loan amount is the note receivable balance in the 4B Economic Development Corporation.

For the fiscal year ended September 30, 2022, the Town has two open tax abatement agreements and abated the following amounts under these agreements:

Open Agreements - Type of Tax Abatement	Amount of Taxes Abated during the Fiscal Year
Town of Trophy Club	
Property Taxes	$ 27,047
Sales Taxes	14,889
	$ 41,936

Note 14: 4B Economic Development Corporation (4B)

The 4B Economic Development Corporation (4B) is financed with a voter approved half-cent Town sales tax, to aid, promote and further the economic development within the Town.

Cash and Investments

Cash and cash equivalents for the 4B as of September 30, 2022, consist of and are classified in the accompanying financial statements as follows:

Cash and cash equivalents	$ 914,836
Total cash and cash equivalents	$ 914,836

Investments

Because the Town provides investment services for the 4B, the Town adheres to its investment policy and all state statutes when investing available cash for the Town. The 4B's investments balances at September 30, 2022, were $864,882 (included in cash and cash equivalents for financial statement purposes) and were in held in TexPool.

Note Receivable

In connection with an economic development incentive agreement, as noted previously, 4B agreed to provide a loan of $200,000 to fund certain permanent improvements to a building related to a qualified project during fiscal year 2021. The loan was to be paid back with interest of 2% calculated annually within four years of the date the Certificate of Occupancy is issued. During fiscal year 2022, the payee closed operations and was in default of the agreement. The Town is currently developing a revised repayment plan with expectations of full collectability of the original outstanding amount. Scheduled note receivable payments as of year-end are as follows:

Year Ended September 30,	Future Minimum Note Receivable Amounts
2023	$ 40,500
2024	50,000
2025	72,000
Total	$ 162,500

Capital Assets

Capital asset activity for the year ended September 30, 2022, is as follows:

Component Unit Activities	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets, not being depreciated:				
Land	$ 2,538,765	$ -	$ -	$ 2,538,765
Total capital assets, not being depreciated	2,538,765	-	-	2,538,765
Capital assets, being depreciated:				
Infrastructure	367,960	-	-	367,960
Total capital assets, being depreciated	367,960	-	-	367,960
Less accumulated depreciation for:				
Infrastructure	57,239	24,693	-	81,932
Total accumulated depreciation	57,239	24,693	-	81,932
Total capital assets, being depreciated, net	310,721	(24,693)	-	286,028
Total capital assets	$ 2,849,486	$ (24,693)	$ -	$ 2,824,793

Depreciation expense charged to the 4B component unit was $24,693.

Long-term Debt

A summary of long-term debt transactions, including current portion, for the year ended September 30, 2022, is as follows:

Component Unit Activities	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Sales Tax Revenue Bonds	$ 2,065,000	$ -	$ 110,000	$ 1,955,000	$ 115,000
Bond Discounts	(18,543)	-	(1,333)	(17,210)	-
Total bonds payable	2,046,457	-	108,667	1,937,790	115,000
Total component unit activities	$ 2,046,457	$ -	$ 108,667	$ 1,937,790	$ 115,000

Sales Tax Revenue Bonds

4B issued sales tax revenue bonds to provide funds for purchasing land within the Town to be used to promote new or expanded business enterprises including for entertainment, convention, tourist, sports and exhibition facilities, amphitheaters, concert halls, parks, open space, restaurants, retail, parking facilities, public safety facilities and related roads, street and water and sewer facilities and improvements. Sales tax revenue bonds outstanding at September 30, 2022, are as follows:

Component Unit Activities	Interest Rate (%)	Final Maturity	Original Borrowing	Outstanding at Year-End
Sales Tax Revenue Bonds, Taxable Series 2015	1.00-4.75	2035	$ 2,690,000	$ 1,955,000
			$ 2,690,000	$ 1,955,000

The debt service requirements for the sales tax revenue bonds are as follows:

	Component Unit Activities		
Year Ended September 30,	Principal	Interest	Total Requirements
2023	$ 115,000	$ 86,518	$ 201,518
2024	120,000	82,263	202,263
2025	125,000	77,463	202,463
2026	130,000	72,213	202,213
2027	135,000	66,688	201,688
2028-2032	775,000	241,050	1,016,050
2033-2035	555,000	53,675	608,675
Total	$ 1,955,000	$ 679,870	$ 2,634,870

The following is a summary of pledged revenues of 4B for the year ended September 30, 2022:

Revenue Pledged	Total Pledged Revenue	Current Year Debt Service Requirements	Percentage Portion of Pledged Revenue Stream	Remaining Principal and Interest	Period Revenue Will Not Be Available For Other Purposes
.5% sales and use tax	$ 748,791	$ 200,258	26.7%	$ 2,634,870	Until 2035

Required Supplementary Information (Unaudited)

TOWN OF
TROPHY CLUB

Town of Trophy Club, Texas

Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual – General Fund
For the Year Ended September 30, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Property tax	$ 7,680,000	$ 7,680,000	$ 7,726,035	$ 46,035
Sales and mixed beverage taxes	1,311,800	1,311,800	1,563,799	251,999
Franchise and local taxes	820,000	820,000	908,033	88,033
License and permits	165,000	165,000	280,222	115,222
Intergovernmental	983,700	1,182,349	1,601,173	418,824
Charges for services	814,818	814,818	1,466,610	651,792
Fines and forfeitures	307,090	307,090	604,702	297,612
Lease revenue	-	-	83,834	83,834
Interest revenue - leases	-	-	24,288	24,288
Investment income	24,000	24,000	86,193	62,193
Other revenue	186,000	186,000	5,172	(180,828)
Total revenues	12,292,408	12,491,057	14,350,061	1,859,004
Expenditures				
Current:				
General government	180,553	207,265	208,687	(1,422)
Manager's office	806,864	703,419	620,172	83,247
Human resources	318,613	267,715	216,058	51,657
Finance	573,158	595,694	583,304	12,390
Information services	669,668	669,668	492,761	176,907
Legal	126,350	126,350	189,141	(62,791)
Municipal court	38,140	113,140	253,549	(140,409)
Police	3,050,230	3,163,783	3,058,897	104,886
Fire	1,449,197	1,491,674	1,446,680	44,994
Emergency medical services	1,389,308	1,410,724	1,513,238	(102,514)
Facilities management	373,721	373,721	1,460,399	(1,086,678)
Parks and recreation	2,305,322	2,357,805	2,129,947	227,858
Community development	457,623	533,672	447,720	85,952
Tourism	-	-	241,108	(241,108)
Sanitation	240,279	249,328	-	249,328
Debt Service:		-		
Principal	-	-	10,926	(10,926)
Capital outlay	-	-	880,998	(880,998)
Total expenditures	11,979,026	12,263,958	13,753,585	(1,489,627)
Excess of Revenues Over Expenditures	313,382	227,099	596,476	369,377
Other Financing Sources (Uses)				
Transfers in	158,500	158,500	175,316	16,816
Transfers out	(927,040)	(1,927,040)	(91,293)	1,835,747
Sale of general capital assets	-	-	60,142	60,142
Total other financing sources (uses)	(768,540)	(1,768,540)	144,165	1,912,705
Net Change in Fund Balance	$ (455,158)	$ (1,541,441)	740,641	$ 2,282,082
Fund Balance, Beginning			7,603,756	
Fund Balances, Ending			$ 8,344,397	

Town of Trophy Club, Texas

Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual – Public Improvement District No. 1
For the Year Ended September 30, 2022

	Original and Final Budget	Actual	Variance with Final Budget
Revenues			
Special assessments	$ 2,232,423	$ 2,263,090	$ 30,667
Investment income	-	71,934	71,934
Miscellaneous	47,981	-	(47,981)
Total revenues	2,280,404	2,335,024	54,620
Expenditures			
General government	47,981	47,981	-
Debt Service:			
Principal	1,400,000	1,400,000	-
Interest and fiscal charges	832,423	849,922	(17,499)
Total expenditures	2,280,404	2,297,903	(17,499)
Net Change in Fund Balances	$ -	37,121	$ 37,121
Fund Balances, Beginning		3,933,794	
Fund Balances, Ending		$ 3,970,915	

Town of Trophy Club, Texas

Schedule of Changes in the Town's Net Pension Liability / (Asset) and Related Ratios – Texas Municipal Retirement System

Measurement Date December 31,	2014	2015	2016	2017	2018	2019	2020	2021
Total Pension Liability								
Service cost	$ 809,057	$ 804,453	$ 795,448	$ 789,530	$ 863,553	$ 980,663	$ 1,044,859	$ 1,059,781
Interest (on the Total Pension Liability)	970,682	1,053,745	1,113,555	1,173,728	1,263,163	1,354,175	1,466,317	1,572,070
Changes of benefit terms	(1,544,038)	-	-	-	-	-	-	-
Difference between expected and actual experience	(49,303)	(237,279)	(471,044)	(62,418)	(258,925)	(3,497)	(142,491)	191,092
Change in assumptions	-	368,895	-	-	-	(802)	-	-
Benefit payments, including refunds of employee contributions	(450,100)	(632,921)	(450,496)	(636,604)	(589,161)	(566,895)	(835,638)	(783,233)
Net Change in Total Pension Liability	(263,702)	1,356,893	987,463	1,264,236	1,278,630	1,763,644	1,533,047	2,039,710
Total Pension Liability - Beginning	15,231,441	14,967,739	16,324,632	17,312,095	18,576,331	19,854,961	21,618,605	23,151,652
Total Pension Liability - Ending	14,967,739	16,324,632	17,312,095	18,576,331	19,854,961	21,618,605	23,151,652	25,191,362
Plan Fiduciary Net Position								
Contributions - employer	660,364	658,543	593,840	606,585	633,832	710,975	760,116	808,487
Contributions - employee	316,613	340,458	329,281	323,389	347,155	384,574	406,480	420,786
Net investment income	681,774	19,357	912,155	2,061,434	(515,889)	2,642,216	1,537,272	2,883,176
Benefit payments, including refunds of employee contributions	(450,100)	(632,921)	(450,496)	(636,604)	(589,161)	(566,895)	(835,638)	(783,233)
Administrative expense	(7,117)	(11,788)	(10,296)	(10,676)	(9,961)	(14,914)	(9,935)	(13,322)
Other	(585)	(582)	(555)	(541)	(520)	(448)	(388)	91
Net Change in Plan Fiduciary Net Position	1,200,949	373,067	1,373,929	2,343,587	(134,544)	3,155,508	1,857,907	3,315,985
Plan Fiduciary Net Position - Beginning	11,915,329	13,116,278	13,489,345	14,863,274	17,206,861	17,072,317	20,227,825	22,085,732
Plan Fiduciary Net Position - Ending	13,116,278	13,489,345	14,863,274	17,206,861	17,072,317	20,227,825	22,085,732	25,401,717
Net Pension Liability / (Asset) - Ending	$ 1,851,461	$ 2,835,287	$ 2,448,821	$ 1,369,470	$ 2,782,644	$ 1,390,780	$ 1,065,920	$ (210,355)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	87.63%	82.63%	85.85%	92.63%	85.99%	93.57%	95.40%	100.84%
Covered Payroll	$ 4,523,041	$ 4,863,685	$ 4,704,011	$ 4,619,838	$ 4,954,406	$ 5,493,911	$ 5,722,119	$ 6,011,235
Net Pension Liability / (Asset) as a Percentage of Covered Payroll	40.93%	58.30%	52.06%	29.64%	56.17%	25.31%	18.63%	-3.50%

Other Information:
For the 2015 valuation, inflation used was 2.5%, investment rate of return and discount rate used was 6.75% and actuarial studies were updated through December 31, 2014.
For the 2019 valuation, actuarial studies were updated through December 31, 2018.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Town will present information for only those years for which information is available. Information has been determined as of the Town's measurement date (December 31).

Town of Trophy Club, Texas
Schedule of Contributions
Texas Municipal Retirement System

Fiscal Year Ended September 30,	2015	2016	2017	2018	2019	2020	2021	2022
Actuarially determined contribution	$ 642,631	$ 627,419	$ 598,176	$ 638,736	$ 736,208	$ 728,124	$ 810,363	$ 793,562
Contribution in relation of the actuarially determined contribution	642,631	627,419	598,176	638,736	736,208	728,124	810,363	793,562
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 4,617,652	$ 4,822,763	$ 4,559,463	$ 4,911,902	$ 5,640,011	$ 5,524,768	$ 5,985,416	$ 6,195,743
Contributions as a percentage of covered payroll	13.92%	13.01%	13.12%	13.00%	13.05%	13.18%	13.54%	12.81%

Notes to Required Supplementary Information – TMRS

Notes to Schedule of Contributions

Valuation Date:

Notes	Actuarially determined contribution rates are calculated as of December 31 and become effective in January 13 months later.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	24 years (longest amortization ladder)
Asset Valuation Method	10 Year smoothed market; 12% soft corridor
Inflation	2.50%
Salary Increases	3.50% to 10.5%, including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the Town's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014 - 2018
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

Other Information:

Notes	There were no benefit changes during the year.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Town will present information for only those years for which information is available. Information has been determined as of the Town's most recent fiscal year-end (September 30).

Town of Trophy Club, Texas

Schedule of Changes in the Town's Total OPEB Liability and Related Ratios

Texas Municipal Retirement System

Supplemental Death Benefits Fund

Measurement Date December 31,	2017	2018	2019	2020	2021
Total OPEB Liability					
Service cost	$ 10,164	$ 12,386	$ 15,383	$ 21,744	$ 27,652
Interest (on the Total OPEB Liability)	6,033	6,400	7,252	7,204	6,517
Difference between expected and actual experience	-	(887)	(4,443)	(12,515)	4,559
Change in assumptions	17,400	(16,237)	46,233	46,896	12,575
Benefit payments	(924)	(991)	(1,099)	(1,144)	(3,607)
Net Change in Total OPEB Liability	32,673	671	63,326	62,185	47,696
Total OPEB Liability - Beginning	154,985	187,658	188,329	251,655	313,840
Total OPEB Liability - Ending	$ 187,658	$ 188,329	$ 251,655	$ 313,840	$ 361,536
Covered Employee Payroll	$ 4,619,838	$ 4,954,406	$ 5,493,911	$ 5,722,119	$ 6,011,235
Total OPEB Liability as a Percentage of Covered-Employee Payroll	4.06%	3.80%	4.58%	5.48%	6.01%

Notes to Schedule:

Changes of Benefit Terms: None

Changes of Assumptions: 1) Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

2016	3.78%
2017	3.00%
2018	4.10%
2019	2.75%
2020	2.00%
2021	1.84%

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75 to pay related benefits.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Town will present information for only those years for which information is available.

Town of Trophy Club, Texas

Schedule of Changes in the Town's Total OPEB Liability and Related Ratios

Retiree Health Care Plan

Measurement Date September 30,	2018	2019	2020	2021	2022
Total OPEB Liability					
Service cost	$ 5,179	$ 5,389	$ 5,389	$ 6,570	$ 6,570
Interest (on the Total OPEB Liability)	2,019	2,101	2,624	1,489	1,670
Difference between expected and actual experience	-	-	(1,194)	-	(16,109)
Change in assumptions	-	-	(6,481)	-	(13,868)
Benefit payments	-	-	-	-	-
Net Change in Total OPEB Liability	7,198	7,490	338	8,059	(21,737)
Total OPEB Liability - Beginning	44,561	51,759	59,249	59,587	67,646
Total OPEB Liability - Ending	$ 51,759	$ 59,249	$ 59,587	$ 67,646	$ 45,909
Covered Employee Payroll	$ 4,911,902	$ 5,493,911	$ 5,524,768	$ 5,985,416	$ 6,195,743
Total OPEB Liability as a Percentage of Covered-Employee Payroll	1.05%	1.08%	1.08%	1.13%	0.74%

Notes to Schedule:

Changes of Benefit Terms: None

Changes of Assumptions: 1) Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

2017	4.06%
2018	4.06%
2019	2.25%
2020	2.25%
2021	2.25%
2022	4.77%

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75 to pay related benefits.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Town will present information for only those years for which information is available.

Combining and Individual Fund Financial Statements and Schedules (Unaudited)

TOWN OF
TROPHY CLUB

Nonmajor Governmental Funds

Special Revenue Funds

Hotel Occupancy Tax Fund – This fund is used to account for local hotel and motel occupancy tax receipts, as well as expenses (events).

Street Maintenance Sales Tax Fund – Accounts for sales taxes specifically restricted for street improvements.

Court Technology Fund – Accounts for court fees specifically restricted for court technology expenses.

Court Security Fund – Accounts for court fees specifically restricted for court security expenses.

Recreation Programs Fund – Accounts for revenues and expenditures associated with recreational programs.

Park Land Dedication Fund – This fund is used to account for park revenues received by and expended by the Town.

Grant Fund –This fund is used to account for certain grant monies received by and expended by the Town.

Tax Increment Reinvestment Zone No. 1 – Accounts for revenues to be used in the reinvestment zone.

Crime Control and Prevention District – Accounts for the funds received from a one-half one percent sales tax, which can be utilized for public safety.

TOWN OF
TROPHY CLUB

Town of Trophy Club, Texas
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2022

	Hotel Occupancy Tax	Street Maintenance Sales Tax	Court Technology	Court Security	Recreation Programs	Park Land Dedication	Grant	Tax Increment Reinvestment Zone No. 1	Crime Control and Prevention	Total
Assets										
Cash and cash equivalents	$ 2,144,982	$ 395,856	$ 7,555	$ 37,083	$ 21,550	$ 405,715	$ 9,886	$ 162,270	$ 270,052	$ 3,454,949
Taxes receivable, net	130,685	61,858	-	-	-	-	-	-	62,696	255,239
Total assets	2,275,667	457,714	7,555	37,083	21,550	405,715	9,886	162,270	332,748	3,710,188
Liabilities:										
Accounts payable	114	13,690	-	-	-	55,161	-	41,935	52,268	163,168
Due to component unit	-	7,322	-	-	-	-	-	-	-	7,322
Advances to other funds	-	-	-	-	-	-	-	386,503	-	386,503
Total liabilities	114	21,012	-	-	-	55,161	-	428,438	52,268	556,993
Fund Balances/(Deficit)										
Restricted										
Tourism	2,275,553	-	-	-	-	-	-	-	-	2,275,553
Public safety	-	-	-	-	-	-	9,886	-	280,480	290,366
Street maintenance	-	436,702	-	-	-	-	-	-	-	436,702
Court	-	-	7,555	37,083	-	-	-	-	-	44,638
Parks	-	-	-	-	-	350,554	-	-	-	350,554
Committed										
Recreation programs	-	-	-	-	21,550	-	-	-	-	21,550
Unassigned	-	-	-	-	-	-	-	(266,168)	-	(266,168)
Total fund balances/(deficit)	2,275,553	436,702	7,555	37,083	21,550	350,554	9,886	(266,168)	280,480	3,153,195
Total liabilities and fund balances/(deficit)	$ 2,275,667	$ 457,714	$ 7,555	$ 37,083	$ 21,550	$ 405,715	$ 9,886	$ 162,270	$ 332,748	$ 3,710,188

Town of Trophy Club, Texas

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

For the Year Ended September 30, 2022

	Hotel Occupancy Tax	Street Maintenance Sales Tax	Court Technology	Court Security	Recreation Programs	Park Land Dedication	Grant	Tax Increment Reinvestment Zone No. 1	Crime Control and Prevention	Total
Revenues										
Sales tax	$ -	$ 361,485	$ -	$ -	$ -	$ -	$ -	$ -	$ 365,464	$ 726,949
Occupancy tax	781,831	-	-	-	-	-	-	-	-	781,831
Intergovernmental	-	-	-	-	-	-	-	-	483	483
Charges for services	-	-	-	-	17,940	-	-	-	-	17,940
Fines and fees	-	-	226	14,028	-	-	-	-	-	14,254
Investment income	12,140	-	-	-	-	2,890	-	-	-	15,030
Other revenue	21,442	-	-	-	-	26,410	-	13,190	-	61,042
Total revenues	815,413	361,485	226	14,028	17,940	29,300	-	13,190	365,947	1,617,529
Expenditures										
Current:										
General	10,500	-	-	-	-	-	-	-	-	10,500
Court	-	-	2,940	2,000	-	-	-	-	-	4,940
Police	-	-	-	-	-	-	-	-	143,800	143,800
Community development	-		-	-	-	-	-	42,935	-	42,935
Tourism	161,104	-	-	-	-	-	-	-	-	161,104
Parks and recreation	-	-	-	-	4,100	4,204	-	-	-	8,304
Public works	-	207,684	-	-	-	-	-	-	-	207,684
Debt Service:										
Principal	-	-	-	-	-	-	-	-	33,273	33,273
Capital outlay	-	-	-	-	-	210,543	-	-	273,098	483,641
Total expenditures	171,604	207,684	2,940	2,000	4,100	214,747	-	42,935	450,171	1,096,181
Excess (Deficiency) of Revenues Over (Under) Expenditures	643,809	153,801	(2,714)	12,028	13,840	(185,447)	-	(29,745)	(84,224)	521,348
Other Financing Sources (Uses)										
Transfers in	-	-	-	-	-	-	-	91,293	-	91,293
Transfers out	(95,000)	(20,000)	-	(1,500)	-	-	-	-	-	(116,500)
Lease financing	-	-	-	-	-	-	-	-	90,577	90,577
Total other financing sources (uses)	(95,000)	(20,000)	-	(1,500)	-	-	-	91,293	90,577	65,370
Net Change in Fund Balances	548,809	133,801	(2,714)	10,528	13,840	(185,447)	-	61,548	6,353	586,718
Fund Balances/(Deficit), Beginning	1,726,744	302,901	10,269	26,555	7,710	536,001	9,886	(327,716)	274,127	2,566,477
Fund Balances/(Deficit), Ending	$ 2,275,553	$ 436,702	$ 7,555	$ 37,083	$ 21,550	$ 350,554	$ 9,886	$ (266,168)	$ 280,480	$ 3,153,195

Town of Trophy Club, Texas

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Hotel Occupancy Tax Fund

For the Year Ended September 30, 2022

	Original Budget	Final Budget	Hotel Occupancy Tax	Variance with Final Budget
Revenues				
Taxes	$ 400,000	$ 400,000	$ 781,831	$ 381,831
Investment income	5,000	5,000	12,140	7,140
Other revenue	7,500	7,500	21,442	13,942
Total revenues	412,500	412,500	815,413	402,913
Expenditures				
General government	35,500	35,500	10,500	25,000
Tourism	125,000	140,000	161,104	(21,104)
Capital outlay	100,000	100,000	-	100,000
Total expenditures	260,500	275,500	171,604	103,896
Excess of Revenues Over Expenditures	152,000	137,000	643,809	506,809
Other Financing Sources (Uses)				
Transfers out	(95,000)	(95,000)	(95,000)	-
Total other financing sources (uses)	(95,000)	(95,000)	(95,000)	-
Net Change in Fund Balance	$ 57,000	$ 42,000	548,809	$ 506,809
Fund Balance, Beginning			1,726,744	
Fund Balance, Ending			$ 2,275,553	

Town of Trophy Club, Texas

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Street Maintenance Sales Tax Fund

For the Year Ended September 30, 2022

	Original and Final Budget	Street Maintenance Sales Tax	Variance with Final Budget
Revenues			
Taxes	$ 300,000	$ 361,485	$ 61,485
Total revenues	300,000	361,485	61,485
Expenditures			
Public works	237,036	207,684	29,352
Total expenditures	237,036	207,684	29,352
Excess of Revenues Over Expenditures	62,964	153,801	32,133
Other Financing Sources (Uses)			
Transfers out	(20,000)	(20,000)	-
Total Other Financing Sources (Uses)	(20,000)	(20,000)	-
Net Change in Fund Balance	$ 42,964	133,801	$ 90,837
Fund Balance, Beginning		302,901	
Fund Balance, Ending		$ 436,702	

Town of Trophy Club, Texas

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Court Technology Fund

For the Year Ended September 30, 2022

	Original and Final Budget	Court Technology	Variance with Final Budget
Revenues			
Fines and fees	$ 1,000	$ 226	$ (774)
Total revenues	1,000	226	(774)
Expenditures			
Court	2,755	2,940	(185)
Total expenditures	2,755	2,940	(185)
Net Change in Fund Balance	$ (1,755)	(2,714)	$ (959)
Fund Balance, Beginning		10,269	
Fund Balance, Ending		$ 7,555	

Town of Trophy Club, Texas

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Court Security Fund

For the Year Ended September 30, 2022

	Original and Final Budget	Court Security	Variance with Final Budget
Revenues			
Fines and fees	$ 5,000	$ 14,028	$ 9,028
Total Revenues	5,000	14,028	9,028
Expenditures			
Court	1,500	2,000	(500)
Total expenditures	1,500	2,000	(500)
Excess of Revenues Over Expenditures	3,500	12,028	8,528
Other Financing Sources (Uses)			
Transfers out	(1,500)	(1,500)	-
Total other financing sources (uses)	(1,500)	(1,500)	-
Net Change in Fund Balance	$ 2,000	10,528	$ 8,528
Fund Balance, Beginning		26,555	
Fund Balance, Ending		$ 37,083	

Town of Trophy Club, Texas

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Recreation Programs Fund

For the Year Ended September 30, 2022

	Original and Final Budget	Recreation Programs	Variance with Final Budget
Revenues			
Charges for services	$ 6,000	$ 17,940	$ 11,940
Total revenues	6,000	17,940	11,940
Expenditures			
Recreation	6,000	4,100	1,900
Total expenditures	6,000	4,100	1,900
Net Change in Fund Balance	$ -	13,840	$ 13,840
Fund Balance, Beginning		7,710	
Fund Balance, Ending		$ 21,550	

Town of Trophy Club, Texas

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Park Land Dedication Fund

For the Year Ended September 30, 2022

	Original and Final Budget	Park Land Dedication	Variance with Final Budget
Revenues			
Investment income	$ -	$ 2,890	$ 2,890
Miscellaneous	-	26,410	26,410
Total Revenues	-	29,300	29,300
Expenditures			
Parks and recreation	-	4,204	4,204
Capital outlay	180,000	210,543	(30,543)
Total Expenditures	180,000	214,747	(26,339)
Net Change in Fund Balance	$ (180,000)	(185,447)	$ (5,447)
Fund Balance, Beginning		536,001	
Fund Balance, Ending		$ 350,554	

Town of Trophy Club, Texas

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Tax Increment Reinvestment Zone No. 1 Fund

For the Year Ended September 30, 2022

	Original and Final Budget	Tax Increment Reinvestment Zone No. 1	Variance with Final Budget
Revenues			
Taxes	$ 107,794	$ -	$ (107,794)
Other revenue	-	13,190	$ 13,190
Total revenues	107,794	13,190	(94,604)
Expenditures			
Community development	40,728	42,935	2,207
Total expenditures	40,728	42,935	2,207
Excess (Deficiency) of Revenues Over (Under) Expenditures	67,066	(29,745)	(96,811)
Other Financing Sources (Uses)			
Transfers in	-	91,293	91,293
Total other financing sources (uses)	-	91,293	91,293
Net Change in Fund Balance	$ 67,066	61,548	$ (5,518)
Fund Balance/(Deficit), Beginning		(327,716)	
Fund Balance/(Deficit), Ending		$ (266,168)	

Town of Trophy Club, Texas

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Crime Control and Prevention District Fund

For the Year Ended September 30, 2022

	Original Budget	Final Budget	Crime Control and Prevention	Variance with Final Budget
Revenues				
Taxes	$ 300,000	$ 300,000	$ 365,464	$ 65,464
Intergovernmental	-	21,525	483	(21,042)
Total revenues	300,000	321,525	365,947	44,422
Expenditures				
Police	127,450	169,450	143,800	(25,650)
Debt Service - Principal	-	-	33,273	33,273
Capital outlay	225,000	225,000	273,098	48,098
Total expenditures	352,450	394,450	450,171	55,721
Excess (Deficiency) of Revenues Over (Under) Expenditures	(52,450)	(72,925)	(84,224)	(11,299)
Other Financing Sources (Uses)				
Lease financing	-	-	90,577	90,577
Total Other Financing Sources (Uses)	-	-	90,577	90,577
Net Change in Fund Balance	$ (52,450)	$ (72,925)	6,353	$ 79,278
Fund Balance, Beginning			274,127	
Fund Balance, Ending			$ 280,480	

Discretely Presented Component Unit

4B Economic Development Corporation – to aid, promote and further economic development within the Town.

TOWN OF
TROPHY CLUB

Town of Trophy Club, Texas
Balance Sheet
Trophy Club 4B Economic Development Corporation
September 30, 2022

	4B Economic Development Corporation
Assets	
Cash and cash equivalents	$ 914,836
Taxes receivable, net	128,134
Due from primary government	10,981
Notes receivable	162,500
Total assets	$ 1,216,451
Liabilities	
Accounts payable	3,200
Total Liabilities	3,200
Fund Balance	
Restricted	
Debt Service	$ 206,455
Economic Development	1,006,796
Total fund balance	$ 1,213,251

Town of Trophy Club, Texas
Reconciliation of the Balance Sheet to the Statement of Net Position
Trophy Club 4B Economic Development Corporation
September 30, 2022

Amounts reported for governmental activities in the statement of net position are different because:

Total fund balance – governmental fund	$	1,213,251
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the fund.		2,824,793
Interest payable on long-term debt does not require current financial resources, therefore interest payable is not reported as a liability in the governmental funds balance sheet.		(7,210)
Long-term liabilities, including bonds payable and related discount, are not due and payable in the current period and, therefore are not reported in the governmental funds financial statements.		(1,937,790)
Net position of governmental activities	$	2,093,044

Town of Trophy Club, Texas

Statement of Revenues, Expenditures, and Changes in Fund Balance

Trophy Club 4B Economic Development Corporation

For the Year Ended September 30, 2022

	4B Economic Development Corporation
Revenues	
Sales and mixed beverage taxes	$ 748,791
Investment income	4,831
Total revenues	753,622
Expenditures	
Current:	
General	6,188
Economic Development	15,007
Debt Service:	
Principal	110,000
Interest and fiscal charges	90,258
Total expenditures	221,453
Net Change in Fund Balances	532,169
Fund Balance, Beginning	681,082
Fund Balance, Ending	$ 1,213,251

Town of Trophy Club, Texas

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities

Trophy Club 4B Economic Development Corporation

For the Year Ended September 30, 2022

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances – total governmental funds	$	532,169
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of deprecation expense recorded in the current period.		(24,693)
The repayment of the principal of long-term debt consumes the current financial resources of governmental funds, but has no effect on net position.		110,000
Some expenses reported in the statement of activities do/(do not) require the use of current financial resources and, therefore, (are)/are not not reported as expenditures in the governmental fund.		
Amortization of bond discount		(1,333)
Accrued interest on long-term debt		311
Change in net position of governmental activities	$	616,454

TOWN OF
TROPHY CLUB

Statistical Section

TOWN OF
TROPHY CLUB

Statistical Section (Unaudited)

This part of the Town's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Town's overall financial health.

Contents **Page(s)**

Financial Trends 85-89

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

Revenue Capacity 90-93

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

Debt Capacity 94-97

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

Demographic and Economic Information 98-99

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

Operating Information 100-101

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports for the relevant year.

TOWN OF
TROPHY CLUB

Town of Trophy Club, Texas

Net Position by Component

Last Ten Fiscal Years (Unaudited)

(accrual basis of accounting)

Table 1

Fiscal Year	2013	2014	2015*	2016	2017	2018**	2019	2020	2021	2022
Governmental Activities										
Net investment in capital assets	$ 54,425,735	$ 53,586,441	$ 27,620,857	$ 26,940,643	$ 27,125,337	$ 51,825,867	$ 52,718,444	$ 51,061,357	$ 27,008,067	$ 28,391,158
Restricted	315,480	564,472	4,035,428	4,433,649	4,676,837	5,478,991	6,112,682	6,821,486	29,052,071	27,278,448
Unrestricted	2,896,674	3,119,531	2,279,194	1,995,960	3,414,190	3,594,662	4,107,003	5,321,576	5,265,710	6,394,425
Total governmental activities	$ 57,637,889	$ 57,270,444	$ 33,935,479	$ 33,370,252	$ 35,216,364	$ 60,899,520	$ 62,938,129	$ 63,204,419	$ 61,325,848	$ 62,064,031
Business-type Activities										
Net investment in capital assets	$ 52,848	$ 560,931	$ 513,930	$ 680,146	$ 776,097	$ 877,048	$ 982,997	$1,121,475	$1,240,768	$ 1,497,757
Unrestricted	230,592	(4,845)	163,047	171,755	350,752	633,294	741,325	706,200	1,077,789	1,507,834
Total business-type activities	$ 283,440	$ 556,086	$ 676,977	$ 851,901	$ 1,126,849	$ 1,510,342	$ 1,724,322	$ 1,827,675	$ 2,318,557	$ 3,005,591
Primary Government										
Net investment in capital assets	$ 54,478,583	$ 54,147,372	$ 28,134,787	$ 27,620,789	$ 27,901,434	$ 52,702,915	$ 53,701,441	$ 52,182,832	$ 28,248,835	$ 29,888,915
Restricted	315,480	564,472	4,035,428	4,433,649	4,676,837	5,478,991	6,112,682	6,821,486	29,052,071	27,278,448
Unrestricted	3,127,266	3,114,686	2,442,241	2,167,715	3,764,942	4,227,956	4,848,328	6,027,776	6,343,499	7,902,259
Total primary government	$ 57,921,329	$ 57,826,530	$ 34,612,456	$ 34,222,153	$ 36,343,213	$ 62,409,862	$ 64,662,451	$ 65,032,094	$ 63,644,405	$ 65,069,622

*The Town implemented GASB Statement No. 68 for the year ended September 30, 2015.

** The Town implemented GASB Statement No. 75 for the year ended September 30, 2018.

Town of Trophy Club, Texas

Changes in Net Position

Last Ten Fiscal Years (Unaudited)

(accrual basis of accounting)

Table 2

Fiscal Year	2013	2014	2015*	2016	2017	2018**	2019	2020	2021	2022
Expenses										
Governmental activities										
General government	$ 1,902,621	$ 2,113,664	$ 1,955,949	$ 2,728,642	$ 2,533,298	$ 3,398,500	$ 3,650,893	$ 3,561,521	$ 1,381,483	$ 663,394
Manager's office	-	-	-	-	-	-	-	-	936,032	567,704
Human resources	-	-	-	-	-	-	-	-	280,147	205,246
Finance	-	-	-	-	-	-	-	-	512,144	549,792
Information services	-	-	-	-	-	-	-	-	647,888	543,189
Legal	-	-	-	-	-	-	-	-	118,756	189,141
Court	-	-	-	-	-	-	-	-	49,837	258,489
Public safety	2,898,737	3,125,577	2,306,609	3,540,703	4,607,380	4,429,744	5,109,461	5,139,151	5,616,921	6,008,021
Facilities management	-	-	-	-	-	-	-	-	448,538	1,455,292
Tourism	-	-	-	-	-	-	-	-	317,005	396,974
Sanitation	-	-	-	-	-	-	-	-	1,057,653	-
PID activities	-	-	2,736,000	2,122,901	48,520	2,850	26,875	50,152	-	-
Parks and recreation	2,037,590	2,555,844	2,253,982	2,652,384	2,761,053	2,644,329	2,871,283	2,593,588	2,674,646	2,864,327
Community development	599,872	620,209	436,090	640,404	738,659	695,637	717,215	563,312	639,321	471,539
Public works (Streets and infrastructure)	2,234,140	1,764,396	1,716,531	1,878,119	1,728,809	1,671,692	2,371,290	2,052,018	2,308,861	2,315,082
Water and sewer	261,106	311,677	319,054	319,054	-	-	-	-	-	-
Storm drainage	227,067	231,370	234,339	234,287	-	-	-	-	-	-
Interest on long-term debt	489,337	412,561	469,923	496,019	2,365,059	2,771,762	2,663,286	1,639,671	1,535,312	1,278,873
Total governmental activities expenses	10,650,470	11,135,298	12,428,477	14,612,513	14,782,778	15,614,514	17,410,303	15,599,413	18,524,544	17,767,063
Business-type activities										
Storm Drainage	121,269	103,001	205,331	174,499	120,295	129,722	131,370	93,912	126,163	144,131
Trophy Club Park	98,718	134,625	123,445	109,325	116,477	93,677	122,186	229,670	125,692	169,456
Total business-type activities expenses	219,987	237,626	328,776	283,824	236,772	223,399	253,556	323,582	251,855	313,587
Total business-type activities expenses	$ 10,870,457	$ 11,372,924	$ 12,757,253	$ 14,896,337	$ 15,019,550	$ 15,837,913	$ 17,663,859	$ 15,922,995	$ 18,776,399	$ 18,080,650
Program Revenues										
Governmental activities										
Charges for services										
General government	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 286,695	$ 321,725
Court	-	-	-	-	-	-	-	-	110,550	380,427
Police	-	-	-	-	-	-	-	-	123,942	101,556
Fire	-	-	-	-	-	-	-	-	1,344,545	1,444,477
Emergency medical services	-	-	-	-	-	-	-	-	95,775	130,805
Parks and recreation	-	-	-	-	-	-	-	-	301,668	342,996
Community Development	968,285	895,508	702,578	605,558	-	-	-	-	1,775	6,340
Sanitation	-	-	-	-	-	-	-	-	1,058,213	1,059,841
Public works	-	-	-	-	-	-	-	-	9,670	7,485
Water and sewer	-	-	-	-	-	-	-	-	-	-
Other	793,205	783,359	2,669,738	2,593,969	3,705,774	3,982,406	3,266,108	1,797,916	-	-
Operating grants and contributions	952,648	423,960	550,495	141,071	581,633	443,752	1,392,787	2,056,622	37,851	173,599
Capital grants and contributions	4,793,132	761,196	1,254,997	-	-	-	2,127,040	-	150,000	-
Total governmental activities program revenues	7,507,270	2,864,023	5,177,808	3,340,598	4,287,407	4,426,158	6,785,935	3,854,538	3,520,684	3,969,251
Business-type activities										
Charges for services										
Storm Drainage	506,205	550,617	484,874	466,934	596,520	592,322	539,295	430,303	435,798	435,559
Trophy Club Park	-	-	-	-	-	-	-	188,708	185,981	289,336
Operating grants and contributions	-	-	-	61,106	-	94,521	-	-	4,170	125,268
Capital grants and contributions	-	-	-	-	-	-	3,360	68,146	-	-
Total business-type activities program revenues	506,205	550,617	484,874	528,040	596,520	686,843	542,655	687,157	625,949	850,163
Total primary government program revenues	$ 8,013,475	$ 3,414,640	$ 5,662,682	$ 3,868,638	$ 4,883,927	$ 5,113,001	$ 7,328,590	$ 4,541,695	$ 4,146,633	$ 4,819,414

Town of Trophy Club, Texas

Changes in Net Position (Continued)

Last Ten Fiscal Years (Unaudited)

(accrual basis of accounting)

Table 2

Fiscal Year	2013	2014	2015*	2016	2017	2018**	2019	2020	2021	2022
Net (Expense) Revenue										
Governmental activities	$ (3,143,200)	$ (8,271,275)	$ (7,250,669)	$ (11,271,915)	$ (10,495,371)	$ (11,188,356)	$ (10,624,368)	$ (11,744,875)	$ (15,003,860)	$ (13,797,812)
Business-type activities	286,218	312,991	156,098	244,216	359,748	463,444	289,099	363,575	374,094	536,576
Total primary government net (expense) revenue	$ (2,856,982)	$ (7,958,284)	$ (7,094,571)	$ (11,027,699)	$ (10,135,623)	$ (10,724,912)	$ (10,335,269)	$ (11,381,300)	$ (14,629,766)	$ (13,261,236)
General Revenues And Other Changes In Net Position										
Governmental activities										
Taxes										
Property taxes	$ 5,334,140	$ 5,955,398	$ 7,447,069	$ 7,714,564	$ 8,269,141	$ 8,412,231	$ 8,974,426	$9,347,776	$9,940,633	$ 10,255,223
Sales and mixed beverage taxes	781,054	965,969	1,104,298	1,217,693	1,306,243	1,150,073	1,271,864	1,445,994	2,035,404	2,290,748
Other taxes	828,338	1,020,554	1,027,407	1,255,995	1,376,352	1,486,952	1,581,721	1,238,302	1,261,872	1,689,864
Investment income	7,193	4,973	11,331	65,709	146,015	259,220	512,922	183,858	72,940	244,451
Miscellaneous revenues	379,896	185,922	100,202	382,521	908,540	197,567	235,107	414,384	62,904	197,903
Special items	-	-	-	-	-	-	-	882,082	-	-
Transfers	49,644	28,607	35,350	70,206	86,887	87,209	86,937	262,933	(116,463)	(142,194)
Total governmental activities	7,380,265	8,161,423	9,725,657	10,706,688	12,093,178	11,593,252	12,662,977	13,775,329	13,257,290	14,535,995
Business-type activities										
Investment income	-	25	143	914	2,087	7,258	11,818	2,711	325	8,264
Special items	-	26,001	-	-	-	-	-	-	-	-
Transfers	49,644	28,607	35,350	70,206	86,887	87,209	86,937	262,933	116,463	142,194
Total business-type activities	49,644	54,633	35,493	71,120	88,974	94,467	98,755	265,644	116,788	150,458
Total primary government	$ 7,429,909	$ 8,216,056	$ 9,761,150	$ 10,777,808	$ 12,182,152	$ 11,687,719	$ 12,761,732	$ 14,040,973	$ 13,374,078	$ 14,686,453
Change In Net Position										
Governmental activities	$ 4,237,065	$ (109,852)	$ 2,474,988	$ (565,227)	$ 1,597,807	$ 404,896	$ 2,038,609	$ 2,030,454	$ (1,746,570)	$ 738,183
Business-type activities	335,862	367,624	191,591	315,336	448,722	557,911	387,854	629,219	490,882	687,034
Total primary government change in net position	$ 4,572,927	$ 257,772	$ 2,666,579	$ (249,891)	$ 2,046,529	$ 962,807	$ 2,426,463	$ 2,659,673	$ (1,255,688)	$ 1,425,217

*The Town implemented GASB Statement No. 68 for the year ended September 30, 2015.
**The Town implemented GASB Statement No. 75 for the year ended September 30, 2018.

Town of Trophy Club, Texas

Fund Balances of Governmental Funds

Last Ten Fiscal Years (Unaudited)

(modified accrual basis of accounting)

Table 3

Fiscal Year	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Fund										
Nonspendable	$ 796	$ 796	$ 1,816	$ 54,397	$ 91,278	$ 430,977	$ 389,687	$ 389,112	$ 727,449	$ 427,772
Committed	228,138	228,138	228,138	-	-	-	-	-	-	-
Assigned	-	-	200,000	189,475	183,858	182,718	177,130	169,592	-	-
Unassigned	2,398,330	2,816,087	3,261,235	3,950,290	4,335,983	4,826,823	5,256,436	6,988,719	6,876,307	7,916,625
Total general fund	$ 2,627,264	$ 3,045,021	$ 3,691,189	$ 4,194,162	$ 4,611,119	$ 5,440,518	$ 5,823,253	$ 7,547,423	$ 7,603,756	$ 8,344,397
All Other Governmental Funds										
Restricted:										
Debt Service	$ 119,722	$ 118,092	$ 118,542	$ 143,174	$ 309,043	$ 262,277	$ 473,670	$ 706,640	$ 4,357,220	$ 4,078,885
Capital Projects	2,065,759	4,505,273	1,694,546	8,764,936	6,285,515	5,764,419	3,568,072	1,984,646	6,199,646	4,952,458
Municipal court	60,927	46,253	43,422	39,668	37,819	37,155	30,036	32,838	36,824	44,638
Public Safety	23,007	93,746	134,265	210,189	71,259	9,886	9,886	9,886	284,013	290,366
Street Maintenance	46,700	39,915	65,306	-	92,856	29,337	92,457	184,556	302,901	436,702
Tourism	87,225	283,481	475,748	564,363	399,883	790,686	1,313,981	1,530,643	1,726,744	2,275,553
Parks	-	-	-	-	-	467,425	220,464	385,727	536,001	350,554
PID No. 1	-	-	4,229,068	3,869,425	3,832,851	3,882,225	3,972,188	3,971,196	-	-
Town Anniversary	2,114	2,114	3,497	-	-	-	-	-	-	-
Committed:										
Recreation programs	-	2,812	3,395	2,269	7,307	3,655	3,028	5,062	7,710	21,550
Unassigned	11,517	6,333	6,327	5,017	-	-	-	-	(327,716)	(266,168)
Total all other governmental funds	$ 2,416,971	$ 5,098,019	$ 6,774,116	$ 13,599,041	$ 11,036,533	$ 11,247,065	$ 9,683,782	$ 8,811,194	$ 13,123,343	$ 12,184,538

Town of Trophy Club, Texas

Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years (Unaudited)

(modified accrual basis of accounting)

Table 4

Fiscal Year	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenues										
Taxes										
Ad valorem taxes	$ 5,330,778	$ 5,908,764	$ 7,469,912	$ 7,724,244	$ 8,132,670	$ 8,600,999	$ 8,967,795	$ 9,359,847	$ 9,941,321	$ 10,262,914
Sales and mixed beverage taxes	781,054	965,969	1,104,298	1,217,694	1,306,243	1,150,073	1,271,864	1,445,994	2,035,404	2,290,748
Franchise taxes	718,952	772,621	811,052	953,622	888,863	867,446	911,738	850,543	869,212	908,033
Occupancy	108,170	235,796	264,708	302,374	487,489	619,506	669,983	387,759	392,660	781,831
Special assessments	-	-	1,917,636	1,986,516	2,129,321	2,166,167	2,176,400	2,187,165	2,195,144	2,263,090
Licenses, permits & fees	968,285	904,251	697,378	598,586	333,780	614,931	499,302	479,513	284,500	280,222
Intergovernmental	888,896	133,004	326,195	26,237	581,633	608,910	724,333	2,056,622	1,365,324	1,601,656
Charges for services	592,146	611,781	293,011	310,735	820,530	767,237	769,962	296,947	1,431,343	1,484,550
Fines & Fees	171,579	126,111	580,648	362,409	355,504	497,078	312,267	132,877	337,123	618,956
Lease revenue	-	-	-	-	-	-	-	-	-	83,834
Interest revenue - leases	-	-	-	-	-	-	-	-	-	24,288
Contributions	1,472	-	-	-	-	-	-	-	-	-
Investment Income	7,193	4,974	11,330	65,708	146,015	259,213	512,922	183,858	72,940	244,451
Grant revenue	490,850	61,383	147,691	7,942	-	-	-	-	-	-
Miscellaneous	388,894	485,380	100,202	407,418	158,540	715,535	402,894	386,615	212,904	66,440
Total revenues	10,448,269	10,210,034	13,724,061	13,963,485	15,340,588	16,867,095	17,219,460	17,767,740	19,137,875	20,911,013
Expenditures										
Current										
General government	1,844,939	1,947,650	2,273,447	2,349,120	2,191,140	2,404,704	3,164,364	2,584,454	973,869	270,272
Manager's office	-	-	-	-	-	-	-	-	973,427	620,172
Human resources	-	-	-	-	-	-	-	-	287,521	216,058
Finance	-	-	-	-	-	-	-	-	528,002	583,304
Information services	-	-	-	-	-	-	-	-	595,432	492,761
Legal	-	-	-	-	-	-	-	-	118,756	189,141
Court	-	-	-	-	-	-	-	-	51,347	258,489
PID activities	-	-	314,344	81,793	44,984	2,850	26,875	50,152	-	-
Public safety	2,905,923	2,918,484	2,896,632	3,187,064	4,117,992	4,441,873	4,872,242	4,977,216	5,616,394	6,162,615
Facilities management	-	-	-	-	-	-	-	-	450,853	1,460,399
Tourism	-	-	-	-	-	-	-	-	319,943	402,212
Sanitation	-	-	-	-	-	-	-	-	1,057,653	-
Public works	1,067,962	517,964	516,035	566,927	179,448	340,910	414,938	388,419	204,633	207,684
Community development	576,306	587,760	479,477	576,508	582,259	449,178	568,239	491,941	654,107	490,655
Water and sewer	-	-	-	-	-	-	-	-	-	-
Culture & recreation	1,491,496	1,853,811	1,799,204	1,892,065	1,991,571	2,708,827	2,250,599	2,380,448	1,922,721	2,138,251
Debt service										
Principal	2,294,000	998,000	1,438,000	2,153,974	1,567,004	1,675,350	1,723,652	3,081,206	3,408,000	3,582,199
Interest and fiscal changes	485,784	473,972	2,546,971	3,396,480	2,630,171	2,796,835	2,811,664	1,614,385	1,452,214	1,396,045
Capital outlay	237,936	885,436	3,466,307	3,395,509	9,146,919	1,239,065	2,860,040	1,735,016	508,748	2,647,445
Total expenditures	10,904,346	10,183,077	15,730,417	17,599,440	22,451,488	16,059,592	18,692,613	17,303,237	19,123,620	21,117,702
Excess (Deficiency) of Revenues Over Expenditures	(456,077)	26,957	(2,006,356)	(3,635,955)	(7,110,900)	807,503	(1,473,153)	464,503	14,255	(206,689)
Other Financing Sources (Uses)										
Proceeds from capital lease obligation	-	-	-	-	-	264,732	-	-	-	-
Proceeds from contractual obligations	-	2,500,000	-	4,210,000	-	-	-	-	-	-
Sale of general capital assets	-	-	-	-	-	-	-	32,213	-	60,142
Insurance recoveries	-	-	-	-	-	-	-	27,769	-	-
Proceeds from bonds	1,300,000	600,000	2,030,000	31,399,979	4,445,000	-	-	3,550,000	4,305,000	-
Premium on bonds	33,794	50,329	-	5,020,788	128,317	-	-	-	297,691	-
Payment to refunded bond escrow agent	-	-	2,026,710	29,734,500	-	-	-	3,485,838	-	-
Lease financing	-	-	-	-	-	-	-	-	-	90,577
Transfers in	876,553	55,741	63,350	493,947	993,250	298,457	89,937	264,433	686,235	266,609
Transfers out	826,909	27,134	28,000	423,741	906,363	63,817	3,000	1,500	(802,698)	(408,803)
Total other financing sources (uses)	3,037,256	3,233,204	4,148,060	71,282,955	6,472,930	627,006	92,937	7,361,753	4,486,228	8,525
Net Change in Fund Balances	$ 2,581,179	$ 3,260,161	$ 2,141,704	$ 67,647,000	$ (637,970)	$ 1,434,509	$ (1,380,216)	$ 7,826,256	$ 4,500,483	$ (198,164)
Debt Service as a Percentage of Noncapital Expenditures	26.06%	15.83%	32.49%	39.08%	31.55%	30.18%	28.65%	30.16%	26.11%	26.95%

Town of Trophy Club, Texas

Assessed Value and Estimated Actual Value of Taxable Property

Last Ten Fiscal Years (Unaudited)

Table 5

Fiscal Year	Estimated Market Value: Real Property	Estimated Market Value: Non Real Property	Less: Tax Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
2013	$ 1,068,605,127	$ 24,460,719	$ 59,911,204	$ 1,033,154,642	$ 0.51854
2014	1,248,215,265	25,845,178	60,160,746	1,213,899,697	0.49930
2015	1,426,754,517	20,304,259	64,382,412	1,382,676,364	0.49000
2016	1,618,577,881	28,301,916	68,622,814	1,578,256,983	0.48400
2017	1,816,191,857	29,805,970	73,301,474	1,772,696,353	0.47300
2018	1,986,456,291	32,335,529	83,492,349	1,935,299,471	0.45144
2019	2,146,374,412	34,488,137	79,947,523	2,100,915,026	0.44644
2020	2,245,060,094	34,337,805	173,637,626	2,105,760,273	0.44644
2021	2,571,479,079	41,659,656	210,421,213	2,402,717,522	0.44644
2022	2,730,021,395	30,337,600	229,257,280	2,531,101,715	0.44500

Source: Denton & Tarrant County Central Appraisal District Certified Roll

Note: Total Taxable Assessed Value is not adjusted for tax ceilings.

Town of Trophy Club, Texas

Direct and Overlapping Property Tax Rates (Per $100 of Assessed Value)

Last Ten Fiscal Years (Unaudited)

Table 6

	Town of Trophy Club			Overlapping Rates				Overlapping Rates							Total
Fiscal Year	Operating/ General	Debt Service	Total Direct	Northwest ISD	Trophy Club MUD #1	Denton County	Trophy Club PID #1 ESD	Tarrant County	Tarrant County College	Tarrant County Hospital	Total MUD #1	Total MUD #2	Total PID #1 ESD	Total Direct and Overlapping Rates
2013	$ 0.403543	$ 0.115000	$ 0.518543	$ 1.375000	$ 0.133390	$ 0.282867	$ 0.104000	$ 0.264000	$ 0.149500	$ 0.227897	$ 2.942300	N/A	$ 2.395410	$ 3.055197
2014	0.384300	0.115000	0.499300	1.452500	0.133390	0.284914	0.087380	0.264000	0.149500	0.227897	2.985984	N/A	2.439094	3.098881
2015	0.380000	0.110000	0.490000	1.452500	0.133390	0.272200	0.077270	0.264000	0.149500	0.227897	2.948860	N/A	2.401970	3.066757
2016	0.374000	0.110000	0.484000	1.452500	0.131140	0.262000	0.072220	0.264000	0.149500	0.227897	2.925360	N/A	2.380720	3.043257
2017	0.363000	0.110000	0.473000	1.452500	0.127220	0.248409	0.074450	0.254000	0.144730	0.227897	2.884309	N/A	2.358359	3.002206
2018	0.341442	0.110000	0.451442	1.490000	0.120210	0.237181	0.068700	0.244000	0.140060	0.224429	2.861593	N/A	2.357323	2.976022
2019	0.336442	0.110000	0.446442	1.490000	0.116180	0.225574	0.067190	0.234000	0.136070	0.224429	2.825456	N/A	2.339206	2.939885
2020	0.336442	0.110000	0.446442	1.420000	0.112730	0.225278	0.067380	0.234000	0.130170	0.224429	2.204450	N/A	2.269100	2.860429
2021	0.336442	0.110000	0.446442	1.420000	0.105880	0.224985	0.064760	0.229000	0.130170	0.224429	2.197307	N/A	2.266187	2.845666
2022	0.335000	0.099799	0.434799	1.292000	0.091340	0.233086	0.064120	0.224000	0.130170	0.229000	2.051225	N/A	2.123804	2.698515

Source: Denton & Tarrant County Appraisal Districts

Town of Trophy Club, Texas

Principal Property Taxpayers

Current Year and Ten Years Ago (Unaudited)

Table 7

Taxpayer	2022 Taxable Assessed Value	2022 Rank	2022 Percentage of Total Taxable Assessed Value (1)	2013 Taxable Assessed Value	2013 Rank	2013 Percentage of Total Taxable Assessed Value (2)
NAP Trophy Club LP	$ 58,000,000	1	2.29%	$ -	n/a	0.00%
KAGR Trophy Club 2800 LLC	20,400,000	2	0.81%	-	n/a	0.00%
Trophy Club 18 LLC	18,250,000	3	0.72%	-	n/a	0.00%
Armore Trophy Club LLC	17,800,000	4	0.70%	6,903,991	3	0.67%
TC Town Center 1 LP	12,700,000	5	0.50%	-	n/a	0.00%
4663 Okeechobee Blvd. & Palm Beach Holdings	9,524,969	6	0.38%	5,000,000	7	0.48%
Oncor Electric Delivery Company	8,610,050	7	0.34%	5,175,310	6	0.50%
Quasar Hotels LLC	7,949,700	8	0.31%	-	n/a	0.00%
Armore II - Quorom LLC	7,810,000	9	0.31%	-	n/a	0.00%
Hydra Hotels LLC	7,547,000	10	0.30%	-	n/a	0.00%
Clubcorp Golf Tex LP P/S	-	n/a	n/a	4,370,072	8	0.42%
Cnl Retmt CRSI Trophy Cl Tx LP	-	n/a	n/a	17,000,000	1	1.65%
Trophy Club 12 LLC	-	n/a	n/a	14,800,000	2	1.43%
Trophy Club Medical Center LP	-	n/a	n/a	5,881,466	4	0.57%
Standard Pacific of Texas LP	-	n/a	n/a	5,816,090	5	0.56%
Lennar Homes of Texas Land & Construction LTD	-	n/a	n/a	4,209,803	9	0.41%
Trophy Club Equities	-	n/a	n/a	3,575,000	10	0.35%
Totals	$ 168,591,719		6.66%	$ 72,731,732		7.04%

Source: Denton and Tarrant County Central Appraisal District

Town of Trophy Club, Texas

Property Tax Levies and Collections

Last Ten Fiscal Years (Unaudited)

Table 8

Fiscal Year	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2013	$ 5,259,719	$ 5,244,699	99.71%	$ 7,742	$ 5,252,441	99.86%
2014	5,904,591	5,869,976	99.41%	26,189	5,896,165	99.86%
2015	6,665,433	6,642,558	99.66%	14,249	6,656,806	99.87%
2016	7,477,394	7,456,542	99.72%	13,166	7,469,708	99.90%
2017	8,188,616	8,153,915	99.58%	10,781	8,164,696	99.71%
2018	8,627,946	8,614,737	99.85%	2,176	8,616,913	99.87%
2019	9,027,118	8,992,174	99.61%	34,943	9,027,117	100.00%
2020	9,504,473	9,400,652	98.91%	21,969	9,422,621	99.14%
2021	9,835,286	9,785,993	99.50%	24,299	9,810,292	99.75%
2022	10,525,616	10,247,041	97.35%	-	10,247,041	97.35%

Source: Denton County Tax Assessor Collector

Town of Trophy Club, Texas

Ratios of Outstanding Debt by Type

Last Ten Fiscal Years (Unaudited)

Table 9

Fiscal Year	Governmental Activities						Business-Type Activities		Total Primary Government	Percentage of Personal Income (1)	Per Capita
	General Obligation Bonds	Certificates of Obligation	Special Assessment Bonds	Premium	Capital Leases	Leases	Certificates of Obligation	Premium			
2013	$ 9,464,076	$ 1,698,419	$ -	$ -	$ -	$ -	$ 1,743,456	$ -	$ 12,905,951	2.86%	$ 1,199
2014	9,085,567	4,212,132	-	-	-	-	1,599,038	-	14,896,737	3.07%	1,293
2015	8,344,695	4,029,431	26,481,000	-	-	-	1,454,619	-	40,309,745	7.62%	3,348
2016	12,375,000	7,961,000	25,710,479	4,916,763	-	-	1,275,000	30,200	52,268,442	9.35%	4,200
2017	11,450,000	12,068,000	25,406,475	4,754,458	-	-	1,130,000	25,779	54,834,712	9.26%	4,234
2018	10,640,000	11,415,000	25,285,577	4,457,420	173,280	-	980,000	21,358	52,972,635	8.06%	3,828
2019	9,805,000	10,637,000	25,260,000	4,160,382	88,205	-	825,000	16,939	50,792,526	7.94%	4,106
2020	9,005,000	9,789,000	23,985,000	3,872,927	-	-	670,000	12,522	47,334,449	6.98%	3,802
2021	7,500,000	13,206,000	22,800,000	3,798,808	-	-	-	8,504	47,313,312	7.04%	3,557
2022	6,595,000	12,298,000	21,245,000	3,482,143	-	99,617	345,000	4,486	44,069,246	6.10%	3,206

(1) Personal Income and population found on Table 13 of the Statistical Section

Town of Trophy Club, Texas

Ratios of Net General Bonded Debt Outstanding

Last Ten Fiscal Years (Unaudited)

Table 10

Fiscal Year	General Obligation Bonds	Certificates of Obligation	Premium on Bonds	Gross Bonded Debt	Less: Amounts Available in Debt Service Fund	Total	Percentage of Actual Taxable Value of Property[a]	Per Capita[b]
2013	$ 9,464,076	$ 1,698,419	$ -	$ 11,162,495	$ -	$ 11,162,495	1.08%	$ 1,037
2014	9,085,567	4,212,132	-	13,297,699	-	13,297,699	1.10%	1,154
2015	8,344,695	4,029,431	-	12,374,126	-	12,374,126	0.89%	1,028
2016	12,375,000	4,029,431	4,916,763	21,321,194	-	21,321,194	1.04%	1,713
2017	11,450,000	7,961,000	4,754,458	24,165,458	-	24,165,458	1.09%	1,942
2018	10,640,000	12,068,000	4,457,420	27,165,420	-	27,165,420	1.17%	1,963
2019	9,805,000	11,415,000	4,160,382	25,380,382	-	25,380,382	1.01%	2,052
2020	9,005,000	9,789,000	3,872,927	22,666,927	706,640	21,960,287	0.89%	1,764
2021	7,500,000	9,789,000	3,798,808	21,087,808	423,426	20,664,382	0.72%	1,554
2022	6,595,000	12,298,000	3,482,143	22,375,143	124,618	22,250,525	0.75%	1,619

[a] Property values are from table 5.

[b] Populations are from table 13.

Town of Trophy Club, Texas

Direct and Overlapping Governmental Activities Debt

As of September 30, 2022 (Unaudited)

Table 11

Governmental Unit	Debt Principal Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt repaid with property taxes:			
Denton County	$ 393,710,223	2.08%	$ 8,208,140
Northwest Independent School District	1,355,220,496	5.32273%	72,134,680
Tarrant County	27,560,000	0.07%	20,627
Tarrant County College District	6,627,196	0.00%	-
Tarrant County Hospital District	12,825,000	0.07%	9,599
Trophy Club MUD #1	22,530,046	0.60%	134,204
Subtotal, overlapping debt	1,818,472,961		80,507,250
Town of Trophy Club, direct debt	43,620,143	100.00%	43,620,143
Total direct and overlapping debt principal	$ 1,862,093,104		$ 124,127,393

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the Town. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the Town of Trophy Club. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

Source: Most recent Texas Municipal Reports (TMR) published by the Municipal Advisory Council of Texas.

Town of Trophy Club, Texas
Pledged Revenue Coverage
Last Ten Fiscal Years (Unaudited)

Table 12

Fiscal Year	Special Assessment Bonds: Special Assessment Collections	Special Assessment Bonds: Annual Requirement (a)	Times Coverage
2020	$ 2,187,165	$ 2,180,573	1.00
2021	2,195,144	2,220,073	0.99
2022	2,263,090	2,249,922	1.01

Note: (a) Includes Principal and Interest
Special assessment bonds pledged-revenue coverage presented starting with fiscal year 2020.

Town of Trophy Club, Texas

Demographic and Economic Statistics

Last Ten Fiscal Years (Unaudited)

Table 13

Year	Estimated Population[a]	Total Households[a]	Median Household Income[b]	Total Personal Income	Unemployment Rate[c]
2013	10,760	3,680	$ 122,539	$ 450,943,520	5.65
2014	11,525	3,891	124,593	484,791,363	4.72
2015	12,040	4,153	127,391	529,054,823	3.88
2016	12,446	4,342	128,750	559,032,500	3.66
2017	12,950	4,435	133,457	591,881,795	3.38
2018	13,838	4,723	139,156	657,233,788	3.40
2019	12,369	4,490	142,483	639,748,670	3.10
2020	12,451	4,600	147,477	678,394,200	3.10
2021	13,301	4,555	147,477	671,757,735	6.60
2022	13,745	4,234	170,679	722,654,886	3.80

Sources: a Estimated population using residential water connections
b United States Census Bureau
c Federal Bank of St. Louis Economic Research; Denton and Tarrant Counties' data averaged 2018.

Town of Trophy Club, Texas

Principal Employers

Current Year and Ten Years Ago (Unaudited)

Table 14

2022			2013		
Employer	Employees	Percentage of Total Town Employment	Employer	Employees	Percentage of Total Town Employment
Northwest Independent School District	404	20.20%	Northwest Independent School District	353	29.66%
Baylor Medical Center at Trophy Club	230	10.25%	Trophy Club Country Club	169	14.20%
Trophy Club Country Club	205	11.50%	Baylor Medical Center at Trophy Club	130	10.92%
Town of Trophy Club[1]	161	8.05%	Tom Thumb	97	8.15%
Tom Thumb	140	7.00%	Town of Trophy Club	86	7.23%
HG Supply Co.	81	4.05%	Cristina's Mexican Restaurant	47	3.95%
Fellowship United Methodist Church	51	2.55%	Respiratory Sleep Solutions	42	3.53%
Christina's Fine Mexican Restaurant	38	1.90%	Premier Academy - Trophy Club	40	3.36%
Premier Academy - Trophy Club	35	1.75%	Fellowship United Methodist Church	39	3.28%
Trophy Lake Academy	30	1.50%	Church at Trophy Lake	30	2.52%
Total	1,375	68.75%	Total	1,033	86.81%

(1) Includes Full Time, Part Time, and Seasonal

Town of Trophy Club, Texas

Full-time Equivalent Town Government Employees
By Function/Program
Last Ten Fiscal Years (Unaudited)

Table 15

Function	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Government and Administration	12	14	13	14	13	14	14	13	12	12
Public Safety	28	31	32	33	33	34	41	41	38	42
Streets	5	5	4	4	4	2	3	3	3	3
Parks and Recreation	16	17	17	17	16	17	14	14	16	14
Community Development	6	7	6	6	6	6	5	4	4	3
Total	67	74	74	73	73	73	77	75	73	74

Source: Departmental records

Town of Trophy Club, Texas

Operating Indicators by Function/Program

Last Ten Fiscal Years (Unaudited)

Table 16

Function	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Public Safety										
Police										
Number of stations	1	1	1	1	1	2	2	1	1	1
Number of police personnel	18	23	25	25	26	26	24	25	23	26
Number of arrests	101	82	125	145	148	130	275	157	158	47
Number of traffic stops	2,443	2,004	2,912	3,635	2,922	4,262	5,397	3,106	3,206	2,987
Fire										
Number of stations	1	1	1	1	1	1	1	1	1	1
Number of fire personnel	14	15	15	16	17	18	17	17	18	19
Number of calls answered	945	907	868	898	868	858	871	965	981	1,061
Developmental										
Miles of streets	43	43	43	43	43	43	52	52	52	52
Parks/Recreational Changes										
Parks	6	6	6	6	6	6	6	6	6	6
Park acreage	1,039	1,039	1,039	1,039	1,039	1,039	1,039	1,039	1,039	1,039

TOWN OF
TROPHY CLUB